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Daily Report

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FBIS-LAT-92-045

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Venezuela

Caracas radio and television carries a speech by President Perez to members of the Senate and Chamber of Deputies at the opening session of Congress. Perez says he wants to address the country about "the situation we are experiencing." Perez discusses the role of the newly established Presidential Advisory Council—to reject its proposals would be the "greatest mistake" of his life and an "abrogation" of his responsibility as president. He discusses the origin of the attempted coup d'etat and the possible consequences if it had succeeded. He outlines the constitutional changes that the Presidential Advisory Council has suggested for approval by Congress and concludes by summoning all Venezuelans "to preserve the unrivaled values of democracy."

Argentina

According to NOTICIAS ARGENTINAS, Foreign Minister Guido Di Tella says that Argentina and Great Britain are contemplating the possibility of economic cooperation. The two countries may cooperate in oil exploitation around the Falkland Islands, although they are not yet sure if there is any oil.

Chile

Santiago radio reports on Costa Rican President Rafael Calderon's official five-day visit. Calderon described his meeting with President Aylwin as "exceedingly cordial," and expressed the hope that a free trade agreement would be signed between the two countries within the next year.

Cuba

Two MiG's Collide in Defense Drills; 4 Killed

*FL0603121992 Havana Radio Rebelde Network
in Spanish 1000 GMT 6 Mar 92*

["Note" issued by the Ministry of the Revolutionary Armed Forces]

[Text] Note by the Ministry of the Revolutionary Armed Forces [Minfar]: Between 1730 and 1736 on 5 March during the execution of exercises involving complex maneuvers in preparation for combat, two MiG-21 training planes were involved in an accident in the region of the Pinar del Rio base.

According to reports from residents of the area, the two planes collided and as a result Major Lazaro Hernandez Padron and Captains Osmany Morales Acosta, Alfredo Rodriguez Quintana, and Hector Mir Suarez were killed.

A Minfar commission is investigating the causes of the accident.

Commentary Notes Possibilities for Open Debate

*PA0503222992 Havana Radio Havana Cuba
in Spanish 1330 GMT 5 Mar 92*

[Commentary by Roberto Morejon]

[Text] The National Assembly of the People's Government, where rank-and-file delegates meet with their electorate, is not the only way Cubans can participate in the government or comment on different matters. Despite the tiresome statements made abroad regarding alleged restrictions on Cubans' freedom of expression, the fact remains that, since the triumph of the Revolution in 1959, mass groups were created, including most of the people and constituting effective means of exchanging views.

In 1990, Cubans participated heavily in discussions during the Fourth Congress of the Communist Party of Cuba [PCC], expressing a whole range of views, sometimes critical, on the country's situation. Over 1 million views were expressed during the more than 80,000 meetings held in labor and student centers and military units. Many of them served as points of reference for the organizers of the PCC event.

In the 1970's, people contributed suggestions and amendments to the bill on the Constitution, a broad mechanism for consultation that was subsequently used to enrich the document. Now, young communists are debating many topics in the preparatory meetings for their coming national congress. Those attending the forums can attest to the traditional openness that marks discussions on political and economic topics.

The extraordinary siege conditions in Cuba, imposed by U.S. aggression, forced the country to set certain limitations on the political activities of minority groups that

support the abolition of socialism, even through violent means. Those sectors, lacking support from society, receive financial and propaganda backing from the United States, and are demanding they intervene to warp Cuba's political course. To the majority of Cubans, who reject that possibility, the decision imposed by circumstances to stop those who are courting Washington is fully justified.

If the United States renounced the policy of destroying the Revolution, new conditions could be created and that minority could be tolerated.

Matanzas Exceeds Electric Consumption in Feb

*FL0503141292 Havana Radio Progreso Network
in Spanish 1200 GMT 5 Mar 92*

[Text] The residents of Matanzas have used an excess of 2,700 megawatt hours during February, basically because of the intense work being done in agriculture. Angel Silva, a specialist at the Basic Electric Organization in Matanzas Province, told Radio Progreso that the irrigation of the citrus groves used approximately 24 percent of the total electricity consumed in the state sector in Matanzas.

Even though the excess usage of electricity in Matanzas totaled more than 2,700 megawatt hours during February, the outages that were scheduled covered only 1,300 megawatts—that is, less than half of the overconsumption—because the country did not exceed the quotas of electricity available.

Historically, March is the time of greatest use of electricity in Matanzas. Last year 71,000 megawatt hours were used, a figure which obviously cannot be increased at the present time. Nevertheless, an electricity use program has been started which includes all the economic sectors and which will facilitate continuing the work on priority plans such as the food, tourism, and oil programs under conditions of great austerity.

Historians' Declaration Urges End of Blockade

*FL0503221192 Havana Radio Reloj Network
in Spanish 2052 GMT 5 Mar 92*

[Text] The closing declaration of the Latin America and Caribbean historians' conference, which was approved during the closing ceremony at the Museum of the Revolution, constitutes a strong rejection of the harassment that the United States exerts against Cuba. The document, which was read by historian Norma de los Rios from Mexico, demands, based on international rights principles, the end of the economic blockade to which Cuba is subjected and expresses solidarity and respect for the Cuban people.

Salvador Morales, a member of the organizing committee of the conference, while referring to the perspectives of the Latin American and Caribbean Historians

Association, mentioned the possibility of writing in the future a history of Latin America which would respond to contemporary needs.

Jorge Enrique Mendoza, president of the Institute of Cuban History, pointed out, during the closing, the value of the presence of the delegates, which represents a profound gesture of solidarity.

Bolivia Signs Medical Treatment Accord

*FL0603020692 Havana Radio Rebelde Network
in Spanish 0000 GMT 6 Mar 92*

[Text] Bolivian patients in need of high-technology surgery and medical treatment will be able to obtain this care in Cuba thanks to an accord signed today in La Paz by officials from the two Latin American countries. The document was signed by Jack Antelo, health director general of Bolivia, and Pedro Garcia Arena, from the Surgical Medical Research Center, CIMEQ. Similar accords were signed by Garcia Arena with private [medical] centers and local nongovernmental organizations.

French Teachers Donate Materials in Solidarity

*FL0503204792 Havana Radio Rebelde Network
in Spanish 1800 GMT 5 Mar 92*

[Text] To show their solidarity with the Cuban people in a concrete way, a group of French teachers has donated to the Ministry of Education various kinds of academic materials, medicines, and books on data-processing and computation. The donation was received during an amicable social gathering by Cuban Education Minister Dr. Luis Gomez Gutierrez, who is also a member of the Central Committee of the Communist Party of Cuba. This gathering was attended by His Excellency Philippe Peltier, the French ambassador to Cuba.

Interviewed for this news program, this diplomat said the following:

[Begin recording] [Peltier] This spontaneity is evidence of the strength of these feelings, this friendship, between France and Cuba. I think spontaneous gestures of this type are going to continue, especially this year, which is a difficult one for Cuba.

[Unidentified reporter] Mr. Ambassador, since you have made an important donation to Cuban education, for use in our schools, I would like to know, specifically, what you think of the Cuban school system.

[Peltier] I have a very high opinion of it. All of us in Europe greatly admire the accomplishments of the Revolution in terms of public health and education. Since we in France are also making great efforts in these two areas, there is a domain for possible cooperation, keeping in mind how important it is to build the future of our two peoples, who are in different situations. But that is what cooperation is between different entities. What is important is that we have the same ideas about man's place in

the world, man's place in society, about the need for equality among men, and between men and women as well. [laughs]

[Unidentified reporter] As far as you know, will there be other such gestures of solidarity with Cuba?

[Peltier] In my opinion, yes. These are spontaneous gestures. I mean, these are not always enormous things. Some gestures are small while others are larger, but what is important is that these gestures continue, and I think there will be other such gestures this year. [end recording]

Ghanaian Diplomat Praises Bilateral Ties

*FL0603005292 Havana Radio Reloj Network
in Spanish 2049 GMT 5 Mar 92*

[Text] The charge d'affaires of Ghana in Cuba [Cotro Wally] stated today during a news conference that the bilateral relations between Ghana and Cuba are excellent and have the potential to grow even more. The African diplomat made reference to the 6 March 1957 date which marks the independence of his country from British colonialism, the different historical periods of Ghana, and the government of President Jerry John Rawlings.

The Ghanaian diplomat expressed the support of his government to the Non-Aligned Movement which he believes is alive and valid, and announced that a new constitution is being prepared in Accra.

He said that his country's vote against the U.S. resolution in Geneva is proof of the solidarity of Ghana with Cuba.

Haiti

Theodore Defines 'Consensus Government' Concept

*FL0503212992 Port-au-Prince Radio Metropole
in French 1900 GMT 5 Mar 92*

[Text] Prime Minister-Designate Rene Theodore reveals his idea of a consensus government. For Rene Theodore, a consensus government is the only guarantee of the validity and applicability of the Washington agreement. Such a government of national unity must provide guarantees to all sectors involved in the crisis: guarantee the freedom and the safety of all citizens. Let us listen to Rene Theodore.

[Begin recording] [Theodore] For a few days, I have been attending meetings with the various political parties represented in Parliament as well as with members of different sectors of society to initiate formation of a consensus government as provided for in the protocol of agreement of 23 February. It is therefore important that I define the meaning I give to the concept of consensus government, one that seems to me to guarantee validity and applicability of the negotiated solution. Today it is necessary to acknowledge that the country is torn apart;

its economy, gone to rack and ruin; businessmen, finished, on the verge of bankruptcy; peasants and workers, in despair; Haiti, on the brink of disaster. In the face of this extensive drama, a patriotic act imposes itself: a consensus. The consensus government of national unity must be able, under the current circumstances [words indistinct] necessary to the different sectors involved in the crisis, especially to the members of the military institutions, as well as to the partisans and opponents of Jean-Bertrand Aristide.

A national unity government must guarantee freedom to the broadest extent, guarantee the safety of all citizens regardless of their political opinions, their ideology, or their fields of activities. Under such a government, businessmen, workers, peasants, professionals, craftsmen, artists, intellectuals, and the military will feel included in the experience and will therefore be interested in participating in the national consensus and unity.

I am committing myself, citizens, to gathering all the energies, all the competent people, all women and men of progress and good will, with no exception, in order to overcome hatred and hollow quarrels so Haiti can live. [end recording].

Parliament Reportedly To Dissolve on Ratification

FL0503163792 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 5 Mar 92

[Text] After Shrovetide, which allowed a considerable number of people to forget about the problems that are turning the country upside down, political life will resume in Haiti. According to statements by parliamentarians last week, they will meet this week to decide on the agreement signed 23 February regarding a resolution of the Haitian crisis. The results of this session will be very important for the country.

Those who favor a negotiated solution think that Haiti will be able to overcome the crisis which has been turning the country upside down for almost six months; they also believe that a negotiated solution will allow the parliamentarians to resolve other issues such as the law regarding territorial assemblies [composed of communal and departmental assembly members] and the formation of the Permanent Electoral Council. But the sector opposing the negotiated solution has always been critical of the parliamentarians. They assert that the parliamentarians were not authorized by the executive to negotiate on the country's behalf. That sector is still hoping for a decision announcing sanctions against these parliamentarians by the provisional government.

Remember the various reactions to the signing of the 23 February agreement. A portion of the people have said this agreement is an important step toward the resolution of Haiti's problem whereas another segment staged a demonstration asking that the parliamentarians who participated in the Washington meeting be punished. The provisional government has asked the parliamentarians for an explanation concerning the agreement they

signed with Father Aristide. Although the provisional government expressed concern about the nature of the solution chosen by the parliamentarians to the country's problem, it pointed out that it was ready to agree with any negotiated solution that does not jeopardize the country's independence. It further said that it would continue to lead the country jointly with all institutions and explained that it does not intend to remain in power as many people think.

By the way, a source close to the Parliament has reported that many pressures are being exerted on the parliamentarians to prevent passage of the negotiated solution. According to this source, which asked to remain anonymous, the pressures are coming mainly from the provisional government with the exception of the executive head, Joseph Nerette, who is apparently ready to cooperate. That same source said that as part of this pressure, provisional government officials and members have reportedly stated that in the event that the parliamentarians do ratify the 23 Agreement, the provisional government will impose important sanctions to include the dissolution of the Parliament.

The same source also said that the parliamentarians do not know yet whether the two chambers will meet in the National Assembly or separately to vote on the agreement, but it seems that a large part (?of the parliamentarians) would prefer that each chamber meet separately. Many of the parliamentarians hope the negotiated solution will pass. On that account, they reminded us that the Chamber of Deputies already voted on the principles of the agreement last week and that the Senate made its decision regarding the principles of the agreement by way of the Senate delegation who participated in the Washington meeting.

Romelus: Agreement 'No Positive Achievement'

FL0503214592 Port-au-Prince Radio Metropole in French 1700 GMT 5 Mar 92

[Text] Further reactions have been expressed regarding the Washington protocol of agreement signed 23 February. We have the reaction of Jeremie Bishop Romelus.

[Begin Romelus recording, in Creole] As far as I am concerned, I am indifferent. I see no positive achievement in these negotiations. I do not know what surprise they might hold. For now, I see nothing to become delighted about. Perhaps it is a step in the process of achieving democracy, but no one should be thrilled about what took place.

Furthermore, I do not think—this is my personal opinion—that the conditions under which this protocol was signed are acceptable. Can you just say that the people who are guilty of everything that happened can just be forgiven and that is that? This is not possible. From a human point of view, I do not see anything in the country's favor. I do not see it. From the faith point of view, I know that everything must change in favor of the people. [end recording].

Senate President 'Guarded' on Statements on Army

*FL0503192092 Port-au-Prince Radio Tropic FM
in French 1800 GMT 5 Mar 92*

[Text] We are no longer in a relaxed situation. We are looking for dialogue to avoid appealing to the autonomy of the legislative power. It is with these words that Senator Dejean Belizaire, the president of the National Assembly, justified the necessity of a new meeting with what he calls the provisional executive. He thinks such a meeting will allow for the transfer of power to President Jean-Bertrand Aristide and Prime Minister-Designate Rene Theodore in a more flexible and a less uncertain way.

Regarding the key role attributed to the Haitian Armed Forces [FADH] in the solution to the political crisis, Senator Belizaire proved very guarded in his statements by contenting himself with pointing out the delicacy of such a matter.

[Begin Belizaire recording in Creole] I think to speak of the question of FADH, of the FADH...[pauses] we had better avoid making statements on [words indistinct]. The main thing is...[pauses] I think you were at the airport and that you saw how we were greeted. I think this can be a point for you to ponder so you can draw your own opinion on that question. [end recording]

UNHRC Issues Resolution Condemning Coup

*FL0603115392 Bonaire Trans World Radio
in English 1130 GMT 6 Mar 92*

[Text] The United Nations Human Rights Commission [UNHRC] has adopted a resolution condemning the overthrow last September of Haiti's President Jean-Bertrand Aristide. The resolution says that the coup not only disrupted the democratic flow in Haiti but has also led to serious human rights abuse. The commission says it will appoint a special investigator to look into these reports.

Report on Salinas PRI Anniversary Speech

*PA0603022292 Mexico City Red Nacional 13 Imevision
Television in Spanish 1300 GMT 5 Mar 92*

[Report by Juan Manuel Pereira on speech by President Carlos Salinas de Gortari marking the 63d anniversary of the Institutional Revolutionary Party on 4 March; place not given—passages within quotation marks recorded]

[Text] President Carlos Salinas de Gortari said the reforms of the revolution are being followed and it will continue this way, as characterized by his government's social liberalization. In a speech on the 63d anniversary of the Institutional Revolutionary Party [PRI], the president clarified that the social liberalization his government upholds is not new or reactionary.

[Salinas, in progress] "...it is the clash between statism and possessive neoliberalism. Neither offers a solution to the revolution's reform project. Neither the new reactionaries, who encourage statism, or the neoliberals brandish our struggles, summarize our ideas, or guide our decisions."

There should be no confusion between these extremes, Salinas emphasized. He said this before the PRI's national, state, municipal, sectorial, and territorial leaders, as well as distinguished PRI members.

[Salinas] "The neoliberal is committed to a model of democracy that considers only the isolated individual and not his organizations. They do not want to move or participate; they are people guided by professionals, who risk auctioning off control of the electoral process to large economic interest groups. For the new reactionaries, democracy supposedly means respect for the vote, but this is true only when they win. According to them, democracy advances through the opponent's destruction, not through the majority's votes."

The president explained the basis of his government's social liberalism by dividing it into ten basic points. In several of these points, the president noted the state, sovereignty, social justice, liberties, democracy, education, nutrition, housing, health, quality of life, and the PRI's ideology.

Salinas said the revolution's reform left behind the paternal vision that offered only promises and passed to a new vision of respect and real support.

[Salinas] "According to neoliberalism, economic activity is subject to the rules of the market without the interference of history or the people. According to the new reactionaries, it is a permanent repartition, even if only on paper."

The majority of the representatives of the PRI's social sectors attended this anniversary ceremony. Nutrition, housing, health, and quality of life were stressed.

President Salinas said that according to neoliberals, these are affairs pertaining to each individual or each family, while, for the new reactionaries, they are the exclusive responsibility of the state. Then he stressed the difference between these two theories and the social liberalism practiced by the government of the Republic.

[Salinas] "The state is completely committed to nutrition, housing, health, and quality of life. The state understands society's coresponsibility in solving its needs. It endorses new projects to attain a broader participation of the people in solving problems and more effective answers in lending services with clarity and equality."

The pavilion was not designed for many, nor was there massive attendance. It was established at the pavilion that the PRI is organized for the 21st century. The PRI will not be a party for organizations only, because there are many citizens who now want to form part of it and vote for it directly, without the need of intermediaries. It continues to be a party of citizens, organizations, and sectors.

[Salinas] "This trait of the PRI will guarantee that social liberalism will continue in the government, that it continues to be effectively practiced by the government, and that there is a permanent contact with the social rank and file of the party. The successful result of the 1991 federal elections is greatly explained by its proven capacity for change. Those who do not believe it to be so, will find the response of a strengthened PRI at the democratic electoral contest." [applause]

The president of the Republic also said the PRI will demonstrate its democratic political force at this year's state elections.

[Salinas] "That is the message the citizens gave us in August 1991. The party must not be too confident, because the citizens have already shown their fidelity is not at any cost or under any circumstances. They want a PRI that works close to the people, responding to their claims, knowing how to transform and change the country without jeopardizing it or affecting social peace."

At the end of his speech, Salinas said the PRI will continue to work to deserve the support of the majority of Mexicans. He said the PRI now knows how to be close to the people, compete, and win. It will take the reforms of the revolution to all the federal entities.

El Salvador

Commentary on Objectives of Honduran 'Militarism'

PA0603005692 (Clandestine) Radio Farabundo
Marti in Spanish to El Salvador 0000 GMT 5 Mar 92

[Station commentary]

[Text] The Honduran Armed Forces have conducted a series of actions against El Salvador directed at creating false tension between the two countries. The objective is clearly to maintain militarism in both countries.

Through these actions, which carry a strong sense of psychological warfare, the Honduran military seeks to distract attention from the changes announced by President Rafael Callejas for the country's military institutions.

This series of actions, however, have the blessing of Salvadoran sectors, particularly the military, who view the possible border tension as a pretext to obstruct the peace agreements on the reduction of the Armed Forces. The Honduran and the Salvadoran military refuse to accept the changes occurring in Central America, where society no longer wants to live with militarism.

During the 1980's, militarism in Honduras grew even more, with weapons, equipment and personnel, when the United States poured in large amounts of money to combat the alleged communist aggression. Now, given the changes needed in the region to promote development, the military refuses to accept that they are the main obstacle to this development. They care more about their ambitions of power than about national interest.

The most dangerous part of the Honduran attitude is its intention to destabilize the peace process, without even thinking about the scope or the serious consequences that such an attitude might have on the whole Central American region. This mutual solidarity between the Honduran and Salvadoran militarists must be stopped, so that the fate of the civilian population will no longer be at the mercy of a handful of thugs.

The demilitarization processes must continue, despite the ghosts of war militarism seeks to conjure up in our countries. In this specific case, it is necessary for the leaders of the two countries to exercise their authority and act decisively to control their military commanders.

Guatemala

Minister Justifies Civilian Self-Defense Groups

PA0603012792 Guatemala City PRENSA LIBRE
in Spanish 5 Mar 92 p 5

[Text] Defense Minister General Jose Domingo Garcia Samayoa has said as long as rebel groups continue to exist the Civilian Self-Defense Voluntary Committees (CVAC) should not be eliminated.

The official was questioned by reporters regarding requests by the Guatemalan National Revolutionary Unity and Christain Tomuschat, an independent human rights expert, to banish the CVAC due to their alleged responsibility in nearly constant human rights violations.

Garcia Samayoa emphasized the these committees consist of peasants who are attempting to defend their properties. The general also stressed that in the past, the rebels raided towns lacking protection and looted homes.

The CVAC was born out of a defensive need following terrorist actions by rebels, the general said. If the rebels did not exist there would be no need for civilian self-defense groups.

The military point of view, he added, is for the committees to continue operating while the rebel situation prevails. If these groups were eliminated the rebels would be at liberty to mobilize without any obstacles, the high-ranking military concluded.

Armed Forces Join Police To Fight Rising Crime

PA0603015492 Guatemala City PRENSA LIBRE
in Spanish 5 Mar 92 p 8

[Text] Mobile military police units from general headquarters are reinforcing civilian security forces to combat crime, military spokesman Captain Alberto Yon Rivera reported on 4 March.

Yon Rivera said the decision was made by the Armed Forces high command in light of increasing violence in the country. He noted this was to ensure the right of Guatemalans to move about freely.

The captain said the military police reinforcement of the public security forces was initiated on 5 March at 1800, in an attempt to reduce the level of violence in the country.

Yon Rivera said the Guatemalan Armed Forces is pleased to offer its support, in an attempt to guarantee security to fellow citizens, whose rights are set out in our Constitution.

When questioned by reporters if the Armed Forces officers are in charge of commanding those security groups, Yon Rivera said the Government Ministry is coordinating these activities. Military units only give the necessary support, in compliance with the military high command decisions.

The captain said this action includes security to the banks and other institutions, as well as the public's general security.

Survey Outlines Main Sources of Public Concern

PA0303214592 Guatemala City SIGLO VEINTIUNO
in Spanish 29 Feb 92 p 3

[Text] According to a survey conducted by the Free Enterprise Chamber [CLE], the main difficulties faced by

the people of Guatemala are: violence, inflation, unemployment, poverty, lack of infrastructure, lack of education, political problems, and health-related problems.

Jaime Camhi, vice president of the organization, has reported that the CLE has conducted a survey in which the people expressed their feelings on the country's problems.

Camhi noted that the results indicate that the people view economic problems to be two to three times as important as those of violence.

The survey indicates that the main problems of the communities are the lack of infrastructure and violence. Economic problems are listed, but at the community level they rank second.

Those polled said that the problems that directly affect the people as individuals are: lack of infrastructure and inflation. At the individual level, economic problems rank first, because for every person who acknowledges that violence produces conflict, there are six people who report that they have economic problems.

When asked what the government is doing best, the majority said: nothing. When asked what the government is doing worst, the majority said: the anti-inflation struggle, political matters, and the fight against poverty.

The majority said that the government of President Jorge Serrano has carried out a positive effort with regard to foreign relations, health, and education.

With regard to the existence of a government plan, the majority said that they do not believe the government has a plan. With regard to the political parties viewed most positively, those polled mentioned the Solidarity Action Movement and the Popular Vanguard Party.

According to the survey, the people interviewed pointed to the country's most important leaders in this order: Jorge Serrano Elias, Alvaro Arzu, and Efraim Rios Montt. With regard to the social groups that most contribute to the country's well-being, the survey lists the University of San Carlos first, followed by the Army, and the cooperatives.

A majority said that elections and politicians can solve some of the problems of the country, but 25 percent of those polled believe that elections and politicians cannot solve any of the problems.

When asked if they would support a coup d'etat, the majority of the people said no, but 36 percent said yes. The people were asked what they think will be the country's status within a year. The majority of those polled said that it will be worse off than it is now; 25 percent believe it will be better off; and 21 percent said that it will remain the same. That is, most are inclined to believe that in 1993 the situation will be worse.

Camhi said that, according to the general context of the survey, it can be deduced that Guatemala's main

problem is economic, mirrored by the desperate straits of a people who have no mechanism to resolve the current inflationary crisis.

Nicaragua

* Medal, EPS Chief Ortega's Ambitions Discussed

* Presidential Hopes Viewed

92CA0092A Managua LA PRENSA in Spanish
29 Jan 92 p 10

[Article by Arnoldo Quintanilla]

[Text] The awarding of the "Camilo Ortega" medal to U.S. Military Attache Lieutenant Colonel Dennis F. Quinn has thrown cold, contaminated water on the glass walls of the Sandinist Front's house.

The standard-bearer of this major leap is none other than one of the strategists who advocates carrying the guerrilla war from the countryside to the city and one of the men who forged internal alliances with progressive political movements and socioeconomic sectors that were influential in the struggle against the Somozist system and political understandings with Latin American Social Democracy.

Now that the correlation of forces in the world has been shattered and there is just one power center, General Humberto Ortega Saavedra feels that the confrontation between opposing sociopolitical systems is over.

General Ortega Saavedra sees very clearly that the role of democratic-revolutionary parties has ceased to be one of alliance and cooperation with the communists and is now clearly to reach an understanding with Social Democracy and an arrangement with the United States of America.

General Ortega Saavedra justified awarding the distinguished "Camilo Ortega" medal to Military Attache Quinn because he has strengthened the sort of relations that are worthy of mutual respect, which are "the relations that we Nicaraguans have historically sought with the United States."

Could the actions of a single man, a military officer, consolidate these sought after relations? Perhaps. What is indeed clear is that General Ortega Saavedra would like to be president of Nicaragua. And he realizes, because he knows our national history, that the first step along that road is to develop relations of trust with the United States.

History is like a spiral of recurring incidents.

The Liberal Party that took power through the revolution of 93 feuded with the United States over Zelaya's policy of nationalism.

The construction of the canal through the San Juan River and Lake Nicaragua was the Gordian knot in the tense

relations with the United States, which was battling the European powers for hegemony in the Caribbean Basin.

Zelaya's overthrow plunged the Liberal Party into a crisis over the recovery of political power.

Internal feuding opened the door to U.S. military intervention, which brought bloodshed and was a factor in the rebirth of the nationalistic, anti-interventionist, patriotic, and nonpartisan liberalism of General Augusto Cesar Sandino, who managed to represent the aspirations of oppressed peoples.

On the other extreme there arose a partisan, blind, opportunistic, and unprincipled liberalism that played along docilely with the U.S. strategy in Nicaragua.

The constitutionalist movement of General Jose Maria Moncada lowered the banner of anti-interventionism that liberalism had run up under Zelaya.

General Humberto Ortega, who knows our history and our political backwardness, realizes that revolutionary strategy must no longer be based on hatred of the United States and that there has been a shift to the arena of dialogue, of public-spirited reconciliation.

A party has ceased to base its political conduct on socialist revolutionary theory, has dropped the strategy and tactics of the proletariat's class struggle, and has moved towards an understanding with the various existing forces; hence Ortega Saavedra's remark: "Let us not continue to poke at old wounds so that we never get over this."

Ortega Saavedra has prepared new tactics and strategies to reorient the FSLN [Sandinist National Liberation Front] for the next general elections, and rebuilding relations with the United States in advance is fundamental to its chances for success.

Nonpeaceful activities involving a confrontation with the United States are in and of themselves improper at this specific stage. "Strategy changes when one strategic stage ends and the next one begins."

General Ortega Saavedra sees very clearly that if the the FSLN were to take confrontational stands towards the United States with a view to future elections, it would be sealing the coffin of the Sandinist party.

The union of liberals, conservatives, Social Christians, and Social Democrats, with the decisive backing of U.S. power, would mean the permanent burial of the FSLN.

But what sociopolitical and economic platform will the FSLN offer for strengthening ties with the United States? A market economy? Respect for private property? Army and National Police? Respect for human rights? A strict separation of the three branches: judicial, executive, and legislative?

The FSLN's rapprochement with the United States began with the awarding of the "Camilo Ortega" medal and the official visit of leader Henry Ruiz to the U.S. State Department.

An understanding between the two sides faces many obstacles, some of them apparently insurmountable, and they suggest a split in a party that has argued that it is the sole heir of an essentially anti-imperialist movement.

* Permanent Change in FSLN

92CA0092B Managua LA PRENSA in Spanish
31 Jan 92 p 10

[Article by Felix Javier Navarrete]

[Text] Above and beyond General Ortega's far-reaching decision and the discord that pinning the medal on U.S. Lieutenant [as published] Dennis Quinn's chest has prompted, no one has asked himself so far who decorated whom, because the awarding of the "Camilo Ortega" medal can unquestionably be interpreted several ways.

The medal could well be worth discord in the party, General Ortega might proudly remark. But history could cause the presenter and recipient of the medal to change places, as actually happened with General Humberto Ortega and the U.S. lieutenant colonel on the day of the ceremony.

Paradoxically, when the general was pinning the medal of discord on Lieutenant [as published] Quinn's chest, the American officer, a worthy representative of the U.S. Armed Forces, was symbolically decorating Ortega. A phenomenon worthy of Perestroika was definitely taking place in Nicaragua.

If one interprets the general's decision impartially, one realizes that Ortega lost a battle but won a war. No doubt he has also sacrificed his leadership inside the party, but this is a price for which he will be more than deservedly compensated in the future.

Some have interpreted the awarding of the medal as confirmation of the general's presidential ambitions. But I think that the award goes beyond his still not public ambitions for power. It is more than just evidence that Ortega has grasped the changes that have taken place in the world; he also wants to save his party from the "left-wing childishness" that characterizes it. After the awarding of this medal nothing will be the same in the FSLN [Sandinist National Liberation Front].

Ortega's awarding of the medal to Quinn is definitely a parable for today's Sandinists. A mystery that long-time revolutionaries cannot unlock. It even transcends the simplistic interpretation that the decoration is a betrayal of the memory of heroes and martyrs. Because the medal is indeed a symbol, it is timeless, and men immortalize it in keeping with the tenor of the new age. This is my understanding of the lasting nature of historical symbols.

It is powerfully noteworthy that General Ortega has awarded Lieutenant [as published] Quinn the medal that his army officers most covet and aspire to; it is a forceful message to his fellow Sandinists that times are changing and that they must alter their mind-set so as not to get left behind in the bygone era of emphasis on revolution.

General Ortega has staked his political career on the awarding of this medal. So far he has shown that he is moving his pieces around the chessboard with enviable skill. We will soon find out whether his moves represent just wishful thinking. The fact is that the pinning of the "Camilo Ortega" medal on the chest of an American officer must be chalked up to Perestroika and to the collapse of the socialist bloc.

After the awarding of the "Camilo Ortega Saavedra" medal, the FSLN is not the same front that it was two years ago. The virulent reaction to the decoration of an erstwhile enemy of the party has shaken it to its foundations. The general was lucky enough to be blamed and has deliberately opened a major new chapter that will end when the FSLN finds its true identity.

A medal can change a man's life, a party's life, and, why not, even a nation's political future. But the fruits of the "Camilo Ortega" medal lie far off. A long time will pass before Sandinists and democrats become convinced that the fruits of the medal will benefit our fledgling democracy and that the "Camilo Ortega" award has paved the way for national reconciliation.

* Controversy Planned

92CA0092C Managua LA PRENSA in Spanish
25 Jan 92 p 10

[Article by Emilio Zambrano]

[Text] An EPS [Sandinist People's Army] decoration that was created during the now defunct Sandinist regime and that has now been awarded, under the government of President Chamorro, to an American officer by the Army chief has become a bone of contention between FSLN [Sandinist National Liberation Front] leaders and the front's rank and file.

Although the scandal caused by the awarding of the medal to the military attache at Washington's embassy in Managua prompted a Sandinist party leader to describe Humberto Ortega's decision as a "political mistake," this does not necessarily mean that the former comrade and army chief is actually thinking about converting so as to silence the voices of social sectors calling for his removal.

Ortega's philosophy is that of a true strategist seeking to consolidate his power and, in passing, to offer greater loyalty to Mrs. Chamorro's government.

The general is not stupid, and his former party comrades know that. What other recourse does Ortega have left in order to place himself in the forefront of a movement that can professionalize the EPS, make its rank and file

nonpartisan, and shake up the underlying ideology that still characterizes the military.

The general seems to be emerging unscathed from his own labyrinth, unveiling a new-look democratic discourse that is, however, atypical in its principles, as is the history of military infamy all over the world.

Above and beyond the award to the American officer, the general was no doubt looking for an ideal scenario to establish his loyalty to President Chamorro's government.

It was the best expedient that his advisers probably offered him. By awarding the medal, to put it bluntly, the general would shake up Sandinist fanatics and, consequently, bring on the controversy that he has orchestrated in Machiavellian fashion.

It has taught us two practical lessons. The first is that Ortega, at a time when his institution is being severely questioned, has done a finesse to attract Washington's attention and convince it, perhaps naively, that the man whom the FSLN [Sandinist National Liberation Front] regards as its "maximum strategist" has had a change of mind-set.

The second is that he has stirred up fissures and divisions inside his former party and revived the controversy over the unsubstantial political philosophy of a party that is clearly in a worrisome state of social decay.

The general no doubt knows that amid this entire mess which the awarding of the medal has created (the medal that did not make a summer, one might say) his political popularity is on the rise, and those who used to attack him within the UNO [National Opposition Union] itself are now considering the possibility of calling him "a new ally" within the country's correlation of political forces.

Ortega obviously wants and needs to play a leading role at all costs. Otherwise, the growing but paradoxically silenced criticism by sectors that oppose the military would continue to turn people increasingly against the general.

The general says that, among other things, he is a democrat, a professional, and nonpartisan but also a military officer loyal to President Chamorro's democratic government.

The letter that he sent to the mass media, in which he justifies his decision to award the "Camilo Ortega" medal to the U.S. military attache in Managua, is a political manifesto that breaks with the radical, drastic, dogmatic, and unrealistic bent of the FSLN's political program.

It is his political message and, why not, his platform for a future election campaign. Even if he does not succeed, he will be offering his military rank and file as acceptable voters for an agenda that will be called centrist or one of convergence.

At least in his letter the general says for the first time that confrontation, of which he was a prominent advocate during the defunct Sandinist regime, will not lead Nicaragua to stability.

But there is even more in the general's letter and in his subsequent statements reaffirming his position. The general does not use coded language like some new-wave pragmatist in this homegrown political labyrinth. He is direct, incisive, and forceful, in tune with the new and different times.

Is this an ad hoc strategy, political sincerity, or just opportunism disguised as common sense? Who knows? The fact is that the general has failed to realize that political discourse is not a vehicle for expressing emotions and issuing challenges to individuals and parties, especially in his case, since he must refrain from voicing political views, which are the province of civilian society and politicians.

Criticized by the staunchest and most fanatical militants in his former party, accused of offending revolutionary sentiments, the general has truly sought a new labyrinth for himself, with premeditated cunning, so that he can turn his controversial persona into a catalyst and a barometer for judging how things are going in the country, with the obvious presence of the FSLN in government affairs.

Could the general, from the outside, be fueling debate within the FSLN on its new role and could he be urging a unique reassessment that will establish the FSLN once and for all as a cohesive party in tune with our fledgling democracy?

We do not know for certain, but I am sure that the general has made the medal the bone of contention that will revive debate within the FSLN. The general has this and more in store for us in the future. How do we know this now? Will his brother Daniel be the one who embraces the general's changing partisan mind-set as his own?

*** EPS Commander Ortega Comments on Medal Issue**

92CA0095B Managua EL SEMANARIO in Spanish
30 Jan-5 Feb 92 pp 8-10

[Interview with Sandinist People's Army Commander in Chief General Humberto Ortega by Angela Saballos in Managua; date not given; first two paragraphs are introduction: "Electroshock Policy"]

[Text] A world chart of blue oceans and a map of Nicaragua are hung on the two long walls. In the center, a conference table (also long), waits to welcome an entire staff which one can easily imagine explaining or listening to explanations precisely outlined on the maps. The map of Nicaragua, covered with plastic, indicates where possible arrows might be inserted at different points to explain advancing or retreating armies at war. Now that we are at peace, I do not see a single one.

We are in the office of General Humberto Ortega. The subject this time is the awarding of a medal, the Camilo Ortega, the highest honor conferred by the Army, the institution he commands. Previous to this time, the medal had only been worn by heroes of the Sandinist People's Army (EPS) who had fought in "the unjust war imposed by American imperialism," as it has always been described. The same medal was awarded to the military attache of the same enemy army, the *gringo* army, an act which from Sandinists roused letters of repudiation and despair, rabid pronouncements on radio programs, and a veritable arsenal of challenges to General Ortega's action. The latter says he was applying electroshock treatment aimed at pointing toward the beginning of a new era of relations with the historic enemy. In a public letter, General Ortega's mother, who is also the mother of former President Daniel Ortega (who has not spoken out on the matter) and Camilo Ortega (called the Apostle of Unity, the person for whom the medal is named), tries to counter public opinion by expressing her joy that the name of her son Camilo would always serve as a messenger of peace. Hers is one of the few voices raised for the defense. Sitting stiffly in his seat like a helmsman, his hair and mustache as black as a raven's wing, gesticulating profusely and speaking in his typically faltering manner, the general now fights one more battle.

[Saballos] General Ortega, are you still a Sandinist?

[Ortega] I am still a Sandinist.

[Saballos] Do you belong to the party?

[Ortega] Since I am in the Army, I am nonpartisan. When one is in the Army, one cannot engage in any activity benefiting any political party, however militant the officers of party X or Y—in this case, the Sandinist Front—might be.

[Saballos] But what is the other side of the coin? We are speaking about the medal awarded to Lieutenant Colonel Quinn of the American Army. Why do you think the granting of the medal roused such reaction among Sandinists?

[Ortega] Because important steps taken in the political field necessarily imply a price for many comrades, mothers who made heroic sacrifices during the past aggression. It is a bitter pill to swallow, this necessary revolutionary step. It is not necessarily a step we like to take. To fail to take steps out of fear would be the political error.

[Saballos] How would you explain the issue to the people in a simpler manner?

[Ortega] He is the representative of the armed forces who arrived here in Nicaragua at a time when Nicaragua—in the conflict with the United States—could have suffered serious consequences, but who from the beginning chose a position of communication and objective reports. From that day in 1989 until he completed his tour of duty, he

maintained relations that helped bring Nicaraguans, in this case, the armed forces, together with the armed forces of a country that has historically been our enemy.

For that reason, we believe that the Camilo Ortega Medal, the highest honor we have, had to reflect constructive action taken and that we could not just award it to anyone. Its importance lies precisely in the fact that we did extend such recognition, precisely because we value him in the highest degree.

[Saballos] But how do you react to all the written expressions you receive from Sandinists, from mothers? How do you, a person who fought the war and waged the battle for so many years, see them?

[Ortega] We have lived through very bitter times in the past. This is not the first time that one has stood alone by being right, only this time it was alone in a Sandinist group. When we were fighting Somoza, it was my job to design in practical terms the strategy leading to the overthrow of the dictatorship. At that time, we assembled a group of prominent persons known as the Group of the Twelve. We were accused by Sandinists from other factions into which we were divided of being traitors, puppets.

[Saballos] With the granting of this medal, do you think our relations with the United States will be different? What are you trying to achieve?

[Ortega] I think that what we want to achieve, first of all, is to be fair in terms of recognizing the constructive steps of this representative of the American Armed Forces and continuing all possible efforts to bring Nicaragua and the United States to an understanding, just as Sandino once embraced Somoza. When Sandino came down from the mountain, he embraced Somoza in the hope that the latter would take a constructive path.

[Saballos] But it did not turn out that way.

[Ortega] Somoza betrayed Sandino, but Sandino played his role. Sandino truly did what he had to do. The one who did not was Somoza, the United States' policy at the time.

[Saballos] But do you think it will change?

[Ortega] In this case, we are for justice and we are therefore obliged to make every possible effort, particularly when it is right, in order to contribute to this historic relationship.

[Saballos] Do you think it will change now?

[Ortega] What I do believe is that any effort that brings us closer to that power with which we have historically been at odds is constructive, and we hope these gestures will evoke gestures in return that will gradually bring us closer together so that Nicaragua may have a future with less suffering than we have historically had, and with dignity, pride, and respect, the ideal we have always followed.

[Saballos] And from this may come an exchange of technical assistance with the American Army?

[Ortega] No. The act of awarding this medal represents the fact that times have changed because it is a fact that since President Bush assumed office on 20 January 1989, the United States' policy has been changing from what it had been under Ronald Reagan. I think that anyone who refuses to see that fact is making a mistake. Here in Nicaragua for the first time, a representative of the American Armed Forces has maintained a position of respect for and recognition of the changes that have taken place in this country and acted honestly in performing his duties here. I think we had to extend recognition of that fact in order for it to become future practice, when we hope to exchange acts of friendship rather than be shooting at one another.

[Saballos] Why do you sometimes "throw down the gauntlet" with reporters?

[Ortega] That is the way I am, my personality. Sometimes they think I am courageous and not because I passionately defend myself in responding to certain questions—from reporters—that are not always very professional, but rather, in trying to dodge them. What I am trying to say is that if they come looking for a bull, they will find one.

[Saballos] It could be said that you refuse to take one step to understand people and their reactions. You should have a better understanding of how people react rather than get your back up.

[Ortega] Of course. The problem is that events in Nicaragua are moving very fast and we have to make decisions. It is not that I am necessarily against explaining things at length, but that truly, the circumstances do not allow us to prepare the people, the citizens, the sector, to understand political step X or Y better. That was the case of the medal. The step had to be taken and in a situation in which Nicaragua is emerging from a war and given the confrontation we have had—in this case between the United States and Sandinism—it will take some time, years, to dissipate this climate of reacting to a situation. It would have been difficult to avoid a feeling of confusion or rejection, as some comrades have said, but that stems from a basic lack of understanding of the phenomenon.

[Saballos] Through you, we are used to going against the *gringo*. The impression was always, "He is my enemy," so that to see the enemy being decorated and realize that he is no longer an enemy, well, the feeling of the people was "How are we to understand this?"

[Ortega] Precisely. Sometimes in order to make people understand difficult things, the best solution is an electroshock system. We were prepared for a situation of confrontation and polarization, but now we have entered a situation in which this type of situation has to change. If we want the situation to change in order to keep pace with events, so that all political factors in the country can

get along better, and so that peace may be totally guaranteed, if we proceed conservatively, trying to make everyone understand totally, then we will not be able to keep up with the speed of the process which events dictate. In this case, one has to choose the path of very strong electroshock measures designed to make people react. Naturally, if electroshock treatment is administered by a person who is not a revolutionary and who has never followed a revolutionary path, then it will understandably generate profound doubt, but when it comes from a person with a proven revolutionary background, it would be very biased to think that he would hurt a cause to which he has devoted his entire life.

[Saballos] You previously referred to the Twelve and said the decision was not accepted by two other factions of the Sandinist Front that was then divided. Do you not think this could cause another split? That is what people are saying.

[Ortega] What I do know is that at the present time, we revolutionaries are trying to ascertain how we can find better responses to the historic course we have outlined. At the present time, mankind as a whole is seeking how to find the new century in a better position.

[Saballos] But what about the Sandinist Front, a possible split over the medal?

[Ortega] I do not see how, if people truly act with maturity, it should necessarily lead to this type of situation, such as the public pronouncement made by Major Victor Tirado, to a quarrel, a splintering of Sandinism. It does not necessarily have to lead to this. What these incidents do in fact show is that they must clearly recognize that there are differing opinions among members of the Sandinist Front, among prominent revolutionary fighters, and that these differing opinions on situations are, in the final analysis, held by men who basically pursue the same ideal, an ideal of justice for the welfare of mankind, in this case, for the majority of all Nicaraguans and, in the very specific case of the historic moment, in order to consolidate the democratic process which with so much effort we have been building in Nicaragua ever since it overthrew Somoza on 19 July and are now trying to institutionalize. In other words, what we must try to do here is see how we can keep Nicaraguan society from dividing over such problems, how we can build a context of law, of a constitution, a united, national framework that allows us to live with our differences and even conceptual contradictions without coming to a division in Nicaraguan society. After all, a split in the Sandinist Front Party in this historic circumstance could—given the immaturity we see and the bias that still exists—lead to a chaotic situation that would not help the revolutionary cause for which we have been fighting.

[Saballos] And this situation could be used by the Sandinist rank-and-file of which you speak and by your enemies, who say you are lining up with the right.

[Ortega] It is when one seeks reasonable positions that the extremes come together. Then the correct positions which attract the majority of the population will always have criticisms from extremists on the left or right. For example, the policy of national reconciliation and dialogue, of seeking to resolve contradictions between Sandinists and non-Sandinists in a civilized manner, without deepening the polarization but rather, trying to make it disappear. This has been the policy of tolerance promoted by the president, in this case, by President Violeta Chamorro through Antonio Lacayo, a policy that has earned the repudiation and the strong, exacerbated rejection of a minority of non-Sandinist sectors, characterized even further as very conservative sectors of the far right.

[Saballos] In other words, General, this was a move toward such a policy of reconciliation?

[Ortega] I think that here we must all know how to gauge our contribution, the proper effort. In order for negotiations to go smoothly, I have always said the art consists in knowing how to yield in terms of something positive, in this case, given an obviously less aggressive and more constructive policy. It would be absurd to continue methods or styles of response from the days when that policy was polarized, aggressive, and destructive.

[Saballos] That is a major shift.

[Ortega] Insofar as one makes a positive, constructive gesture, to that extent we are forced to shape our conduct accordingly. That is what has happened. Obviously, there are more centered, more mature, more responsible sectors that have a more patriotic national feeling that on the whole all these values are revolutionary. The fact that there are people like Antonio Lacayo who have the courage not to hide the constructive steps which Sandinism as a party or the Army as an institution takes for the sake of a policy of national reconciliation is constructive. Or, to take into consideration the country's strongest party, which the Front is, on a series of crucial aspects such as national conciliation, and so on, only to be criticized by reactionary sectors, that is constructive and courageous. If the government or the Office of President were very conservative and did not take these steps for fear of losing the support of reactionary sectors, either internally or externally, that would be negative. This matter of the medal reflects the atmosphere in which we are living.

[Saballos] And does the fact that Lieutenant Colonel Quinn accepted the medal mean that he recognizes the Sandinist Army as a government structure, an institution?

[Ortega] Quinn said it was particularly important because the medal did not merely symbolize the most important values of the Army. Rather, for me personally, it had a profound significance because it came from a relative of mine, my brother. In other words, given the speed of events involving a son of Sandino and a descendant of the Army which Sandino fought in the past.... The fact that we now find ourselves in different

times and different circumstances and with a different, friendly perspective, even though all the contradictions and doubts have not been resolved in order to make this relationship better.... This fact marks a very important step that we Nicaraguans are trying to take because I am sure that Sandino would have wanted us to have friendly, constructive relations and, based on such an event, to decorate an American officer.

Sandino did not fight the Yankees just because he wanted to kill Yankees and so that Sandinists would also die. He did it because he was forced to rise up in arms when it came time to do so.

[Saballos] But people feel sad for those who died, for their 50,000 dead. What can you tell them?

[Ortega] The important thing in the years to come is that, thanks to improved relations with the United States and in a framework of mutual respect, self-determination, and sovereignty, another 50,000 will not have to die. Whatever the case, the medal marks that fact. It is a medal earned by bloodshed, forged through the sacrifice of an unjust war. It is so symbolic, of such great value, that it also serves to mark a new point of departure so that in the future, not one single person, much less 50,000, will have to die.

* Commentary Views End of Polarization

92CA0095A Managua EL SEMANARIO in Spanish
30 Jan-5 Feb 92 p 7

[Editorial]

[Text] The way things have gone during the first month of 1992 confirms trends already emerging in 1991, trends pointing toward a far-reaching redefinition of the national political scene: The rigid political polarization that occurred during the election process and continued throughout 1990 and part of 1991 no longer has the same validity as a reasonable source of explanation for most conflicts or has lost it almost totally.

Anyone pointing to the FSLN-UNO [Sandinist National Liberation Front-National Opposition Union] polarization as an explanation for the most urgent problems and possible solutions is mistaken. Most things of significance to society escape such a paradoxical simplification, as recent events show.

In terms of its political scope and the sequels of common crime, the recompa [former EPS—Sandinist People's Army—soldiers who have taken up arms]-recontra [former contras who have taken up arms] problem is not a mirror reflecting the increasingly artificial conflict which politicians are determined to stir up in the capital. Likewise, progress is being made on solving this problem, over and above the polarization in question.

The tensions and manifestations of social deterioration connected with growing poverty and acute deficiencies in employment, health, and education are not following

the path of the old polarization. The flip side of the economic program, with inflation successfully under control and the rehabilitation of international accounts, has moved forward without the FSLN-UNO polarization adding ballast. Nor is the unresolved core of the economic problem, reviving production, anchored in this polarization. The security of property in the future, rural violence, bureaucratic bottlenecks, the takeovers, and a certain fiscal confusion and excess seem to give a better account of the problem than the obsolete polarization, still organized around lines of voter demarcation that no longer exist.

The redefinition of relations between the United States and the FSLN also leave the polarization behind. At the same time, the evolution of Sandinism as a social movement and debate within the movement, the growing and diversified importance of UNAG [National Union of Farmers and Cattlemen], the FNT [National Workers Front] demand for its own profile with respect to privatization, and continued coherence of its legislative bench have resulted in the emergence of social dimensions and interlocutors that do not fit in with the polarization in question.

Businessmen, so radically aligned in one of the political poles, have begun to shift their movements on an ever more business-oriented axis. The opposite, remaining anchored in the past, risks credit opportunities, bidding, investments, and so on which are now opening up and which, if they do not seize them, others will. At the same time, the arrival of an entire new group of businessmen having no organic connections with centuries past has changed the sector's profile.

The accelerated institutionalization of the armed forces, including the Police, has outstripped UNO's demand on the matter, which now sounds like a belated echo.

The same international context, de-ideologized depolarization, based more on economic and technological problems and the redefinition of new political spaces, gives the flavor of a street fight to a few of the previously mentioned lines of polarization.

Things being what they are, it is surprising that it is in the National Assembly, without equal as the place for forming any new consensus and where the UNO-FSLN polarization is maintained at all costs. The National Assembly thus clearly appears to have been left in the dust in terms of the current situation.

And why? This question seems to find no answer in politics seen as a social process, but only in politics as a personal ambition.

Panama

Endara Letter on Canal Administration Draft Bill

PA0503224692 Panama City LA ESTRELLA
DE PANAMA in Spanish 5 Mar 92 pp 1a, 2a

[Letter from President Guillermo Endara Galimany to the presidents of all political parties represented at the National Legislative Assembly, in Panama City; date not given]

[Text] Messrs. Mireya Moscoso de Gruber, Arnulfist Party president; Alfredo Ramirez, Nationalist Liberal Republican Movement president; Ricardo Arias Calderon, Christian Democratic Party president; Arnulfo Escalona, Authentic Liberal Party president; and Gerardo Gonzalez, Democratic Revolutionary Party president:

Dear Sirs:

It is well-known that the president of the Republic has created an ad hoc commission to handle matters related to the reverted areas and the future administration of the Panama Canal. This commission presented a report on 30 September 1991. I asked this commission to continue its work, and it has been doing so with great patriotism.

The aforementioned ad hoc commission has presented a draft bill on the Interoceanic Region Authority. This bill will serve as the basis for a presidential commission composed of members from the various political parties and other distinguished citizens. As you all know, our position—a position shared by you according to your own statements —is that matters pertaining to the reverted areas, and the canal issue in general, are matters of national unity to be held above any political party interest.

For this reason, I ask each one of you to name a representative from the members of your respective political parties to participate in the creation of that which the executive branch will present to the National Legislative Assembly as the draft bill on the Interoceanic Region Authority.

I would like to inform you that in addition to the representatives from your five parties, I name four additional members, who are:

Joaquin Jose Vallarino
Diogenes de la Rosa
Jorge Ricardo Riba
Adolfo de Obarrio

The commission will be headed by Joaquin J. Vallarino. Humberto Ricord will act as secretary and legal adviser.

I would like to take this opportunity to express my most sincere esteem.

[Signed] Yours faithfully,
Guillermo Endara Galimany
President of the Republic

Argentina

Foreign Minister Stresses Cooperation With UK

PY0503131292 Buenos Aires NOTICIAS

ARGENTINAS in Spanish 1907 GMT 4 Mar 92

[Text] Buenos Aires, 4 Mar (NA)—Foreign Minister Guido Di Tella considers "very positive" the fact that Argentina and Great Britain "are contemplating the possibility of economic cooperation," adding that irrational exploitation of petroleum deposits in the Malvinas Islands—should there be any—could represent "an ecological disaster."

Di Tella has termed "very positive" the meeting that Argentine and British diplomats held last week over the conflict over the Malvinas Islands [words indistinct].

The foreign minister said that the talks will continue in June 1992. He stressed "that both countries are contemplating the possibility of economic cooperation. We consider this a very important step forward."

When asked whether, in his opinion, the British were at first "reluctant" to discuss the petroleum exploitation issue, Di Tella said: "First, we are not sure if there is any petroleum. It is advisable, before getting into a fight, to confirm if there is any petroleum."

He considers important the fact that Argentine and British officials are "fully aware of the ecological concern expressed by the islanders, because each petroleum well would require at least 300 or 400 people, and this could cause an ecological disaster in the islands."

Di Tella added: "Moreover, we must remember that without cooperation mining or petroleum exploitation would be impossible."

The foreign minister ruled out the possibility of further changes in his ministry following the resignation of Juan Carlos Olima from the Foreign Relations Secretariat. He added that the name of the ministry secretary general, a post created in the new law of ministries, will be released "within the next few days."

IMF Extended Credit Opens Door to Brady Plan

PY0503154892

[Editorial Report] Buenos Aires TELAM in Spanish at 1630 GMT on 4 March 1992 carries a 250-word item in which President Carlos Menem comments on the \$3.609 billion extended credit terms granted by the IMF to Argentina. Menem said that Argentina has "opened a door to the Brady Plan. We are on the doorstep. We are practically in the Brady Plan."

The TELAM article adds that when the president was asked whether this credit will improve the Argentine standard of living, Menem said: "Yes. With this I think we are going to accrue wealth, and that is what we need to fully implement social justice."

Speaking to reporters at the Nicaraguan Embassy, Menem said that Argentina will use this credit to pay part of its foreign debt. In a previous dialogue with reporters at Government House, Menem also stressed the importance of this credit for the success of the economic plan. The TELAM article concludes by saying that the debt with the commercial banks has still to be negotiated.

Buenos Aires TELAM in Spanish at 1807 GMT on 4 March 1992 carries a 400-word summary of news conference granted on 4 March by Economy Minister Domingo Cavallo at the Padilla Hall of the Finance Ministry. He was accompanied by his advisers and under secretaries.

Cavallo said that IMF Managing Director Michel Camdessus has urged the IMF Board to approve the extended credit facility that foresees a disbursement of \$3.609 billion. He expressed his satisfaction over "the decision by Mr. Camdessus to propose a global figure for disbursements, which is what Argentina has been seeking."

The TELAM report states that the economy minister considers the support granted by Camdessus "convinces us that we will have the necessary resources to definitely restructure the Argentine foreign debt" with commercial banks and other creditors.

In his news conference, the article continues, Cavallo also announced that the estimated cost of living rise in February will be 2.2 percent. Copies of a memorandum of the government economic policy were also distributed during the news conference. The economic policy seeks expanded facilities, foreseeing fiscal revenues of 24.3 percent of the gross domestic product this year, although it is predicted that this will drop to 23.8 percent in 1993.

The article concludes by stating that the objectives of the 1992-94 program are to maintain an average primary surplus of 3.3 billion pesos for the next three years, and a 6 percent annual increase in exports.

Cordoba Governor Critical of National Government

PY0203232192 Buenos Aires BUENOS AIRES

HERALD in English 2 Mar 92 p 9

[Text] (DYN-NA) Cordoba—Governor Eduardo Angeloz inaugurated this province's annual congressional period yesterday with a speech in which he criticized the national government's economic policy and corruption record.

Angeloz charged that while the current policy achieved significant results and attacked important problems, "vast sectors of our society are becoming outcasts, deprived of the most basic conditions needed to survive."

Angeloz added that "there's a light adjustment that is being carried out without any care or contemplation, like manual's formula."

The governor—who will arrive in Buenos Aires today to start a round of talks with Radical party leaders in the Greater Buenos Aires area and the Federal Capital—also

stressed that President Carlos Menem's administration was "authoritarian" because "it considers that minority (parties), because they're a minority, have nothing to add but silence. That is a risky and authoritarian attitude that undermines the vision of a real democracy."

After the inauguration of the ordinary sessions—scheduled to continue until November 1—Angeloz told reporters that "some actions" carried out by the federal government "are authoritarian, like when decrees are passed," bypassing the national Congress. When asked about his province's current political and economic situation in comparison to the rest of Argentina's provinces, Angeloz said that Cordoba "is way ahead of all of them."

During his speech the governor emphasized that "to think that the structural reform of the economy implies dividing our society into a small group of privileged (people) on one side, and on the other hand to isolate the needs of the majority without resources, is a demagogical simplification that does not contribute to solving problems."

The governor also criticized the "use of political power for private benefits, the way transgression is left unpunished and the enrichment in the shadow of power brought about by the ruthless and illegal use of public office."

"We live at a time of a true moral emergency, and in this situation we must come out with unusual gestures of honesty in the strict management" of government affairs, added Angeloz.

After the ceremony Justicialist deputies blasted the contents of the governor's inauguration speech. The head of the Justicialist bloc of deputies, Jose Rufeil, said that Angeloz's message "was not a simple inauguration speech," and looked more like the launching of a campaign to boost the governor's political career at a national level.

Peronist Deputy Eduardo Nieva meanwhile stated that "here (in Cordoba) there were many failures, like the Honda (motorcycle factory) that finally went to Rosario or the information network Sinsacate and other examples that ended up being mere rhetoric."

Exporters Want To Reenter Russian, CIS Markets

PY0403223992 Buenos Aires CLARIN in Spanish
2 Mar 92 pp 18, 19

[Report by Silvia Naishtat]

[Text] The economic disaster in the former USSR has put several productive industries in Argentina in a fix. These industries can no longer market their goods in Boris Yeltsin's country. As the U.S. and European competition is fierce—U.S. and European competitors have advantage, because they can grant credits for the purchase of their products—Argentine exporters are seriously looking into the possibility of accepting Russian debt notes as a partial currency for their sales to the CIS.

Argentine financiers with a gold medal for the management of securities will have to deal with other more sophisticated securities: Russian notes. These notes, which are issued in Moscow to settle debts, can be exchanged at European banks.

These notes represent a hope for wool exporters, who are not giving up their effort to recover a market that used 13.1 million kg [of wool] in 1990—more than 10 percent of total exports—and to which not a single gram [of wool] was shipped in 1991.

Shipments plummeted when the USSR, which had the reputation of being reliable, began to delay its drafts. A \$15 million debt quickly accumulated. This debt was finally collected a month ago. In order to pay the interest, about \$2.5 million, the Russians pledged debt notes.

It is taken for granted that these notes will land in Buenos Aires. The new Commonwealth of Independent States, the USSR's corollary, pledged to settle its old debts: This is a sine qua non condition for the United States and Europe to provide the life preserver of new credits.

With the Soviet debacle, however, not only wool exports failed. Argentina, unable to export on credit, has now become aware of the fact that the CIS has become a large and unattractive market. Gone are the years in which the USSR took a good portion of grain and meat that are now shipped in tiny quantities. And this lowering of the curtain does nothing more but to leave traumatic traces: The fishing agreements with Moscow are practically paralyzed.

The production of linseed oil, which was almost exclusively shipped to Moscow, fell by 25 percent, which represents about 100,000 metric tons.

The citrus producers of Tucuman Province, which sold most of their lemon production to the former Soviet Union and Czechoslovakia, did not get paid. When the situation became very unstable, the producers received Soviet-made bulldozers and tractors which are now kept in warehouses. Many of them are not running because they have no spare parts.

The tanning industry sold goods worth \$50 million in 1991, which "were not paid by the Russians with the opening of letter credits. We have an oversupply, which is difficult to sell in other markets," said Bernardo Kuschnir, president of the tanning industry association.

Regarding wool, the withdrawal of the CIS also represents lower prices. Wool exports which reached \$200 million in 1990 only reached \$160 million in 1991.

But who would say that all is lost? The CIS continues, like the former USSR, to be the main world importer of grains, and this year it needs 35 million metric tons. The other side of the coin is that only the countries which are financially better off, like the United States and Europe, can export grain to the CIS.

Expert Jorge Campbell said: "The former USSR is channeling all the food stock from those countries. This

takes a market away from us. But it works the other way around too, because Washington and Europe are concentrating all their subsidies in that region, and we are left with the freedom to act in other regions."

Exporters are trying to retake the initiative. There are 35 million kilograms of wool in storage, waiting for a Russian ship to take it. These are contracts that were not fulfilled due to the chaos created by the changes and the lack of rubles.

Jorge Srodek, president of the Wool Producers Federation, says that things will be different. He said: "It is a market with great problems, but with potential. We are working to finance it through private banks and we will make every effort to recover it." The instrument to do that will be the CIS debt notes to be discounted in some European banks.

No one doubts that new times will come even if the horizon looks very far away.

Rise in February Cost of Living, Prices Noted

PY0503220192 Buenos Aires BUENOS AIRES
HERALD in English 5 Mar 92 p 1

[Text] (DYN)—The cost of living rose 2.2 percent during February, the government reported yesterday, pushed up by housing and food prices. Wholesale prices rose 0.3 percent and building costs 1.2 percent.

Inflation is up 5.3 percent for the year so far.

Prices continued their onward rush this week, fueled by the two percent hike in the VAT [Value Added Tax] tax, and observers are predicting three percent inflation for March.

Brazil

* Impact, Sources of Rumors on Collor's Health

92SM0294A Sao Paulo VEJA in Portuguese
19 Feb 92 pp 58-63

[Excerpt] One minute it's Fafa de Belem who, stricken with AIDS, says on TV that people should not go on diets to lose weight. The next minute it's Claudia Raia, who also slimmed down but instead of being praised for her newly whittled waistline discovers that a terrible rumor is circulating about her health. What does she have? AIDS, the rumor says. Lately it has been President Fernando Collor's turn. A lot of people have been spreading gossip about Collor's health ever since he lost 12 kg in several months and his face started looking gaunt. Last week, in a blistering attack, the rumormongers managed to outdo themselves. From 1100 to 1215 on Thursday, the president was swearing in his new health minister, Adib Jatene, in the presence of cameras from TV Nacional and 1,000 invited guests. He looked well. He gave a speech, smiled, greeted hundreds of people, and was on his feet the whole time. Even so, at that exact moment a story was making the rounds of the financial markets of Rio de Janeiro and Sao Paulo to the

effect that he was on the operating table, with his abdomen cut open. It was the Tancredo Neves story, repeating itself like a farce.

None of the bankers, brokers, and other birds in the financial ecosystem likes to be linked to rumors of this sort, for fear of receiving a visit from Chief Romeu Tuma. But in the secrecy of discreet phone calls exchanged at about noon on Thursday, those gentlemen who like to be called "economic agents" threw themselves anxiously into the role of the agents of an extremely costly intrigue. The invention caused prices to collapse and may have enabled several speculators to earn a fortune. "One broker told me that Collor was dying," acknowledged the director of a Sao Paulo bank who is in charge of its capital markets department. In light of this, another rumor—about the possible fall of Central Bank President Francisco Gros—lost all impact.

Another Tidal Wave

Collor had not had his stomach cut open with a scalpel. Claudia Raia is doing very well, as evidenced by her having tested negative for the AIDS virus last week. Fafa de Belem is pretty and in good humor. Rumors are universal and older than the story of Jonas in the belly of the whale, but Brazil is highly excitable in this area at present. The first wave of rumors broke shortly before the Collor Plan, and featured tales of possible government intervention in financial investments. Truth became stranger than fiction when it was found that even checking accounts had been confiscated. After the shock of the new president's debut had passed, there was talk of a second confiscation, blocking of Brazilian citizens' accounts overseas, and the sealing of private safe-deposit boxes at banks. After that, the tidal wave gradually subsided, until a new cycle of eruptions began.

During a press conference broadcast on TV two months ago, reporter Sonia Carneiro from Radio Jornal do Brasil asked the president whether he had AIDS. "There have been rumors to that effect and I was simply doing my duty by asking," the journalist argued, to justify her action. Two weeks ago there was speculation about another Collor illness, nonspecific ulcerative colitis, an inflammation of the intestine. Finally, last week the president of the Republic was taken by the rumors to a hospital to be operated on. The word "rumor" [boato] comes from the Latin "boatu," which means "the bellow of an ox." How can you figure out which ox in the herd was the one that mooed? The rumor about Collor's operation was born out of an item disseminated by the O ESTADO DE SAO PAULO news service, which had received it via depositions by two sources that the company considered "reliable." That news report, however, differed from the hysterical version that shortly afterward circulated on the stock exchanges.

Rome Is Burning

AGENCIA ESTADO's item read as follows: "The change in President Collor's routine continues to be the

topic of much comment in Brasilia and on the financial market. It is probable that he will be operated on, according to well-informed sources (...). The president looks well, according to those who meet with him, but the intestinal problem caused by stress is likely to require surgical treatment." This was not the kind of item that gets published in a newspaper. Its destination was another of that company's products, known as Faxpaper, a publication distributed to subscribers by fax. Then the item was sent to yet another O ESTADO service, known as Broadcast, which transmits text directly from the editor's desk to brokers' computers. The effect was immediate. Made nervous by news of this sort, and probably manipulated by persons interested in bringing stock prices down, the market ended up producing a dramatized version of the report, according to which Collor's life was in danger. Securities quotes plunged in Rio and Sao Paulo. At the close they were down by 6.5 percent in the paulista market and 7.8 percent on the carioca exchange.

The government mobilized both the Securities Exchange Commission and the Federal Police in order to find out who gained by Thursday's transactions, but it is almost impossible that these actions will turn up anything. (See box p 61). The Federal Police once tried to shackle fat cattle in the pastures during the Cruzado Plan; it hunted down rumormongers who talked about bank failures during the early days of the Collor Plan, and now it's back again in the same benign role, tilting against those who concoct stories about the health of the president of the Republic. The responsibility for the burning of Rome, attributed to Nero by the rumors of the era, has never been properly explained. No one could catch the rumormongers.

Superman

What can be found—and more easily—is a reason for the rumor fevers that run in cycles through countries everywhere. They pop up and thrive whenever intriguing notions are in the air. These days, when people are terrified of AIDS, it has become common to hear stories in Brazil and elsewhere about celebrities involved in homosexual practices or even victimized by the HIV virus. Periods of uncertainty, such as wars, upheavals, and uncontrolled inflation foster rumors. The same thing happens with social frictions. In Brazil it is easy to see that economic and political worries such as those generated during the Collor administration have also left people frightened and more inclined to repeat and pass along false stories. In the political realm, a rumor is a weapon with which to attack opponents. General Golbery do Couto e Silva used to say that rumors, which never fail to contain an element of slander, always feature a truth: that someone wants to harm someone else. For example, if it is rumored that Collor has AIDS, it's because there are people who want to cause trouble for him.

In Collor's case, his style encourages rumors. The president and his henchmen have spent two years fabricating

an image of the president as superman, including weekly exhibitions of athletic feats. Now, Superman looks more like a stressed-out Clark Kent. He has gotten thinner, looks older and tired, and his friends say that like every normal human being he needs a vacation. The contrast between the Olympian Collor and the human Collor fascinates a lot of people; it is only natural that they want to know what is going on. Spreading a rumor is also a way of trying to come to terms with a puzzling situation. If the rumor makes sense, the person feels reassured that his suspicions are correct. If the person to whom he repeats the rumor doubts it, then the talebearer finds out that his fears were exaggerated. "Rumors arise in environments where there is a shortage of information, or where the sources of information do not inspire credibility," says Jose Guilherme Cantor Magnani, a University of Sao Paulo anthropologist.

Credibility

Only twice during all his 700 days in office has Collor failed to appear at the palace on a work day. The first time was 31 December 1990, when he had gone to Angra dos Reis for New Year's Eve. The other time was two weeks ago, amid rumors about illness. There were 11 occasions—two of them this year—when he did not come to work in the morning. If the president changes his routine, people immediately look for explanations. When the explanations conflict with each other, people speculate. Former Minister Alcenir Guerra talked about intestinal problems in connection with Collor's absences. Minister Ricardo Fiuza said his boss had "a really terrible gripe." Other officials insisted the president had absolutely nothing wrong. "The more mystery involved in the subject and the more people try to avoid giving explanations, the more credible the rumor becomes," says Jurandir Freire Costa, a psychoanalyst and professor of public health at the State University of Rio de Janeiro.

It is precisely to prevent excessive curiosity—and rumors—that the American president undergoes a medical examination every year, one that can take as long as five hours. The results are released to the press, in the most minute details. When Ronald Reagan was found to have colon cancer, his wife Nancy complained about the invasion of her husband's abdomen by the nosiness of the journalists. On the two occasions when George Bush has been ill—in January when he vomited on Japanese Premier Kiichi Miyasawa, and in April 1991 when he experienced cardiac arrhythmia—the White House even announced the names of the medicines the president was taking and the dosages given. The subject of Bush's health made headlines for only two days, because credibility won out. Things are different in Brazil. Hoping to show that his boss is as healthy as a horse, spokesman Claudio Humberto wrote, in an article intended for publication in JORNAL DO BRASIL this Sunday, that Collor doesn't even have a private physician—"because he has never needed one." Once again, we have this

fabrication of a heroic president. The problem is that this fabrication makes it almost impossible for Collor to catch even a simple cold.

Just Gossip

There is a verb for gossip but no verb for rumor. Iago was gossiping when he told Othello that his wife was unfaithful, but you don't find a villain for the rumors. When one appears, as Romeu Tuma believes may happen in this case of Collor's health, the rumor moves out of that category and immediately becomes a conspiracy. Gossip is what old women do over the back fence. ("Did you see what time Julieta's daughter got home?") or what the girls in the typing pool whisper ("Julio went out for lunch with Betty and came back with his hair wet.")

A rumor is something more complex. It involves thousands of transmitters and a high degree of interest in the topic being talked about, whether it is a real romance or a false romance. Collor stayed at the Hotel Plaza in New York, where the very lovely publicist Celita Jackson works. The president hardly left the hotel. Celita Jackson came to Brasilia shortly after that and was hailed with coded commentaries in the social columns. Out of a desire to slander, but in light of certain vague indications and Celita's acknowledged beauty, was born the rumor of an emotional bond. Brazilians have become addicted to this type of tale-bearing lately. But this situation did not come about by chance: ever since the rumors about the romance between former ministers Zelia and Bernardo Cabral proved to be true it has been easier to believe that the impossible sometimes happens.

The Doctor as Rumormonger

There are times when someone throws out a cooked-up story to deliberately damage someone or some company, or else to take advantage of some situation. But that kind of thing becomes a rumor only when a significant number of people who have nothing to do with the initial interest start spreading the story. They are, therefore, the co-authors of the rumor. That is why it is most likely that the administration's threats to assign Chief Romeu Tuma to catch the rumormongers will fail. There wouldn't be enough prisons to hold them all. In the Claudia Raia case, a rumormonger was caught, but the liar—Dr. Ricardo Veronesi, a Sao Paulo immunologist—was not the first to gossip about the actress's health. Veronesi was absurdly irresponsible; at a given moment, he lent credence to a false story due to his status as a professor of medicine, a specialist in contagious diseases such as AIDS.

Claudia Raia's torment began on Thursday 6 February when Veronesi, a University of Sao Paulo professor, gave an interview to a group of journalists who were staking out the Albert Einstein Hospital. Both Veronesi and the reporters were there for the same reason—to monitor the state of health of former President Janio Quadros, who was hospitalized there. The conversation

began with Janio's health, but then veered off onto a slippery path. Veronesi commented that Claudia Raia had taken an AIDS test, that it had turned out positive, and that she had passed the disease on to her friend President Fernando Collor. According to rumormonger Veronesi, this information came from another doctor—he was only repeating it.

The story was pretty far-fetched, so the journalists decided to check it out with the actress who was attending a party in Rio de Janeiro. She answered with a routine denial—but decided to cut off the evil at the root by actually submitting to an HIV test. On Friday morning she went to the Bronstein laboratory in downtown Rio and they took a blood sample. The results of the test came by telephone less than 24 hours later—they were negative. On Monday she called in the press and exhibited the lab report in public. "If I had let the news spread, it would have done me a lot of damage," said Claudia, who has just signed an advertising contract with De Millus, a lingerie manufacturer.

Now the actress is suing Veronesi for moral losses and damages and for defamation of character. She is also going to lodge a protest against him on ethical grounds with the Regional Medical Council of Sao Paulo. Veronesi defends himself with the cynicism typical of rumormongers. He says the conversation with the journalists was off-the-record and that he requested anonymity. "I only commented on what everyone was saying, that Claudia Raia had AIDS and that President Collor, who is a very good friend of hers, is also supposed to have the disease." The doctor concocted a conspiratorial theory to explain the actress's reaction. "Claudia Raia's show is a flop, she is having financial trouble, and she wants to get ahead at my expense," lied Veronesi, launching another wave of rumors.

In a Wheelchair

Those who are acquainted with Veronesi know that he is also a master at spreading gossip. At the Hospital das Clinicas in Sao Paulo, three items of gossip have been spawned recently, all floated by the doctor:

- Three cleaning ladies from the hospital caught AIDS from contact with contaminated hospital trash. (Lie: all three women have tested negative for the AIDS virus.)
- President Tancredo Neves died of an infection caused by a lethal virus that has never been seen in Brazil—*Legionella pneumophila*. (Lie: tests done in the United States refute this hypothesis.)
- In 1985, it was rumored that artist Darcy Penteado had AIDS. (True: Penteado, who was cared for by Veronesi's team, died in December 1987).

Some of the most persistent rumors concern people's basic fears, like illness or death—which explains why nowadays celebrities are said to have AIDS and why death certificates are being issued for living persons, as happened to singer Roberto Carlos in the 1970's. Anxiety about death also helps explain stories to the effect

that Beatle Paulo McCartney is dead, while singer Elvis Presley and former U.S. President John Kennedy are alive. In Kennedy's case, things have gone so far that a newspaper, the tabloid WEEKLY WORLD NEWS, recently published photos purporting to show John Kennedy beside his own gravesite. The newspaper maintains that the president's death was staged. The photos, taken from a distance, show the silhouette of a little old man in a wheelchair. [passage omitted].

[Box p 58]

Faxpaper—Operation Collor

The change in President Collor's routine continues to be the topic of much comment in Brasilia and on the financial market. It is probable that he will be operated on, according to what well-informed sources have told FAX-PAPER. The president looks well, according to those who meet with him, but the intestinal problem caused by stress may require surgical treatment. The situation, although simple from a medical point of view, is likely to cause political and economic turbulence. It has not yet been determined that an operation is necessary.

[Box p 61]

Where A Scare Can Make You Some Money

Rumors are a common phenomenon on all the stock exchanges and commodity markets in the world, but the Brazilian financial markets are overdoing it. Last week, the false news that President Fernando Collor de Mello was undergoing surgery caused an uproar on the floors of the stock exchanges in Rio de Janeiro and Sao Paulo and gave us an opportunity to study in detail how rumors function in those ecosystems. At about noon, the director of a major Sao Paulo bank received a phone call from a friend, owner of a brokerage house. The friend said that Collor was having "serious health problems." The bank director called other brokers, who had heard similar reports, and the alarm was sounded.

He assigned four employees, using four telephones, to check out the story. They heard directly from the trading floor the report that Collor "was dying" and that the exchange was agitated to the point of hysteria. It took the director and his staff more than a hundred phone calls during a 40-minute period to finally learn that it was all a lie.

Other, less startling, stories were circulating on the financial market during the week, such as the rumor that Central Bank President Francisco Gros's position was shaky and that Minister Marcilio Marques Moreira and his advisors were putting together a big package of economic measures. Rumors are sparked because the stock markets are places where adrenalin runs high, where people are very nervous, and where everyone is trying to predict the future in order to make better deals and earn a profit. So far so good—rumors are a natural phenomenon.

In large stock exchanges where thousands of banks and brokers are trading at one time, rumors do not have much impact. In Brazil, the exchanges are minuscule and soar or sink at the hint of any kind of story. Each story has its own specific weight, but it is the manipulation of frightening rumors that really counts. A lot of people earn fortunes on the financial markets by exploiting rumors. This is especially true of those who buy and sell shares on the so-called futures market. In that kind of transaction, the speculator will, for example, contract at a certain price to deliver shares a certain number of days or weeks hence. In market jargon, he is "short." When the delivery date approaches, it is in his interest to push prices down, to buy securities at a low price and pocket the profits.

Several of these contracts expire next week and it is suspected that a lot of people will have benefited from Thursday's decline. The Securities Exchange Commission, the CVM, which supervises the exchanges on behalf of the government, began last week to investigate Thursday's trading and will compare the results with contract expirations, on Monday. "Since we are on the eve of the expiration of contracts, that decline may favor the traders who are short," said CVM Chairman Ary Oswaldo Mattos Filho. It is possible that he can use this net to catch some of those who benefited from the rumor. The problem will be to prove that the fish was acting in bad faith.

* Collor Launches Agrarian Reform Measures

92SM0260E Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 25 Jan 92 p 11

[Text] Brasilia—President Fernando Collor yesterday launched his Land Program, consisting of 15 measures that will make it possible to settle 400,000 families—and provide them with technical and financial assistance—over the next three years. The overall program includes a decree by President Collor authorizing the government to utilize—for agrarian reform—lands belonging to sugar-mill owners who have failed to comply with court orders.

A total of 50,000 families will be settled this year on the 750,000 hectares expropriated during previous governments in those states where conflicts between the landless and the planters are most frequent, according to Minister of Agriculture Antonio Cabrera.

The government plans to spend 8 trillion cruzeiros on implementation of the program, including 1.7 trillion cruzeiros this year alone on the construction of 5,000 km of local roads, 203 schools, and 41 clinics; rural electrification; and other improvements for the families that have already been settled. Cabrera explained that settling the remaining 350,000 will be possible only through the passage by Congress of the regulations to supplement the provisions of the Constitution that authorize expropriation for the purpose of agrarian reform.

The measures comprising the Land Program are as follows:

1. A decree instituting the program, which will be coordinated by the Ministry of Agriculture with participation by all the cabinet ministries.

2. Authorization to begin work on projects—costing 172 billion cruzeiros—that will benefit a total of 62,000 families.

3. A decree regulating the procedures by which rural real property is acquired for the purpose of agrarian reform and for utilization of the lands of sugar-mill owners who are guilty of noncompliance.

4. A bill creating a special loan—with interest at 4 percent per annum and a reduction of 50 percent in the Reference Interest Rate [Taxa Referencial] (TR)—for the families that have been settled.

5. A bill stipulating that only farmers who are not in arrears with their payment of the Rural Land Tax [Imposto Territorial Rural] (ITR) will have access to agricultural loans.

6. A decree ordering a new census of the rural real properties.

7. A measure authorizing the immediate redemption of the Agrarian Debt Bonds [Títulos da Dívida Rural] (TDA's).

8. Measures releasing 10 percent of the funds authorized for the Land Program under the Constitution.

9. A decree ordering the adoption of measures to rationalize and computerize INCRA [National Institute of Land Reform and Settlement].

10. An agreement between INCRA and the Army Ministry providing for the execution of works and services under the Land Program by the Engineer Battalions.

11. Allocation of funds for construction of low-cost housing in the rural areas.

12. Creation of credit lines at the Bank of Brazil for the purchase of farmland.

13. A decree ordering a census of those public lands that will have priority status for agrarian reform.

14. A decree regulating the agricultural extension services provided for the settlers.

15. A bill providing supplementary regulation of the articles [of the Constitution] that authorize the expropriation of lands.

* Proposed Defense Ministry Sparks Controversy

92SM0260A *Sao Paulo ISTOE SENHOR in Portuguese*
29 Jan 92 pp 22, 23

[Article by J. Santana Filho]

[Text] Aeronautics Minister Socrates Monteiro advocates the creation of a Ministry of Defense under a

civilian minister. He believes that the Army, Aeronautics, and Navy Ministries should be unified under civilian command; that a Ministry of Defense—like the parliamentary system—will draw Brazil closer to the more developed nations; and that the armed forces should be freed from administrative tasks in order that they may concentrate on specialized military training.

It was not exactly a "brigadier-general's sky," but neither did the cold wind and light rain that swept over Brasilia on Sunday 19 January foretell a fuselage-cracking storm. There was, however, an unusual concentration of dark clouds covering the so-called "Elephants' Cemetery"—the housing complex where general officers of the Army live, and the area with the highest density of four-star generals per square meter in Brazil. Between drinks and hors d'oeuvres, Army Minister Carlos Tinoco—during part of the morning and the early afternoon—listened in silence to the complaints, fears, and questions voiced by a group of uniformed colleagues concerning the interview given by Aeronautics Minister Socrates Monteiro and published that same day in the daily *CORREIO BRAZILIENSE*. Flying low, the brigadier general—an experienced fighter pilot—vigorously advocated the creation of a Ministry of Defense to unify the command of the three branches: an idea that is strictly taboo among the Brazilian military.

And the minister's statements did not stop there. Socrates Monteiro voiced the opinion that this new cabinet post should be headed by a civilian. He also declared that in the event of the introduction of the parliamentary system, the armed forces would do well to leave the government and restrict their activity to the professional military area. General Tinoco maintained his silence until the end of the meeting with his colleagues, and did not break it even when the head of the war materials department, General Paiva Chaves, struck a discordant note and stunned the malcontents by declaring, "I am in complete agreement with Socrates." On Wednesday 22 January, Tinoco finally broke his silence. "There are no preconceptions concerning a Ministry of Defense," he told Reporter Helio Contreiras of *ISTOE SENHOR*. "There is only recognition of the fact that until we have such a ministry, there must be a period of transition, of preparation for administrative changes."

Still another shock awaited the colonels who on Sunday had voiced surprise that Socrates Monteiro had made his statement without "hearing what the troops had to say" or "consulting the other military ministers." "I do not believe it should be an urgent proposal, but I can assure you that it is not something to be rejected, among other things because rejection, veto, and preconception are words that are too strong to be used in the present case," Navy Minister Mario Cesar Flores told *ISTOE SENHOR*. "The idea of a Ministry of Defense has to be analyzed from the administrative and operational standpoints," he said. Without being part of any rehearsed operation, the interview given by Brig. Gen. Socrates—and now the statements by his colleagues in the cabinet—demonstrate that many things have changed since 1988, when the Army controlled a powerful lobby in the

Constituent Assembly and went so far as to publish a short letter designed to discourage discussion of the subject by the deputies.

The subject is not only being discussed by the top leadership of the military but is already one of the principal topics of discussion this year within the Army General Staff and at the War College, according to Army Minister Tinoco and the chief of the Armed Forces General Staff (EMFA), General Antonio Luiz da Rocha Veneu. This fact becomes even more amazing in view of the fact that the three military ministers are united in minimizing the supposed trauma that might be caused by the possibility that the top brass would be commanded by a civilian—something that was unthinkable just a short time ago. The reality that is emerging with these statements by the military is light years distant, for example, from the 1964-1985 period, when the fourth star (of an admiral, an air force general, or—of course—an army general) was an absolute prerequisite for any Brazilian who aspired to be president of the Republic. So much so that when Army Minister Orlando Geisel in 1969 was informed that military officers in Rio de Janeiro were supporting the candidacy of the then Minister of Labor Jarbas Passarinho, his response was categorical. "I will not salute a colonel," he declared.

Despite the fact that the proposal to create a Ministry of Defense is already being discussed and—as we can see—digested by the top brass, it continues to be an explosive subject in many sectors of the military. "The proposal to create such a ministry is monkey business that is worthy of underdeveloped peoples and will in no way benefit Brazil," indignantly declares Brigadier General Waldir de Vasconcelos (who served as minister-chief of staff of the armed forces in the Figueiredo administration), in an attack of hyperobscurantist xenophobia and a symptomatic attack of corporatism. Former Navy Minister Henrique Saboia is also opposed to the idea, but for reasons of a technical and operational nature. The reactions of the Aeronautics Ministry (the branch to which Brig. Gen. Waldir belongs) and of the Navy have always been one of the obstacles to any discussion of a Brazilian Defense Ministry. Because they are politically and numerically weaker, the Navy and Air Force have always feared that the creation of a Ministry of Defense—under which the three military ministries would be transformed into only one—would mean the total and definitive supremacy of the Army over the other branches.

The other obstacles, however, do not relate to specific internal interests but to the interests of the armed forces as a whole, and can be summed up in one five-letter word, "power." With separate ministries, the military exert greater influence on governmental decisions than they would with only one ministry. Moreover, the prospect of a civilian being in command of the military affairs ministry does violence to two sacred dogmas of the principle of military power in Brazil: one—born with the Republic—which preaches the doctrine of political control of the nation by the military, and the other,

which proclaims that every civilian is suspect—until proven otherwise—and genetically incapable of dealing with strategic matters involving national security. Furthermore, creation of the new ministry would provoke discussion and changes in organizational structure and operational doctrine that would injure fundamental interests of broad sectors of the armed forces.

In stepping out front in the debate concerning creation of a Ministry of Defense, the military have two objectives: first, to solidify their conviction concerning the introduction of the parliamentary system (although this type of ministry does exist in countries that have the presidential system, it is indispensable in a parliamentary system because of the rapid turnover of governments), and second, to continue their grip on practical politics, at least as regards matters in their specific area. In the latter case, they are also demonstrating a good sense of timing: Deputy Maurilio Ferreira Lima (PMDB [Brazilian Democratic Movement Party]-Pernambuco)—who has already introduced in the Chamber of Deputies two bills to end compulsory military service—will introduce next month a bill embodying a constitutional amendment to create a Ministry of Defense. The Pernambuco deputy's bill goes even further: by amending certain constitutional provisions it provides that Brazil—following the example of Japan—shall not participate in any type of warfare other than self-defense, and in addition transforms the present armed forces into "self-defense forces."

Ferreira Lima is not a pioneer in the area of civilian attempts to introduce bills to create a Ministry of Defense. A proposal drafted for the candidacy of Mario Covas of the PSDB [Brazilian Social Democracy Party] stands out among a number of proposals for the Constituent Assembly and platforms of some candidates in the most recent presidential elections. This proposal provides that after the existing military ministries are eliminated, a Ministry of Defense would be created based on the structure of the Armed Forces General Staff. The general staffs of the Navy, Army, and Air Force would be eliminated through their unification, and specific secretariats would be created for each branch that would function as advisory organs of the Ministry of Defense. As one can see, the proposal is a detailed exercise of creative military imagination that has emerged from the minds of civilians. It is a strong source of resentment among the military, and that is why they now want to step out front.

*** Cooperation Accord To Be Signed With EC**

92SM0260D Sao Paulo GAZETA MERCANTIL
in Portuguese 4 Feb 92 p 3

[Article by Maria Helena Tachinardi]

[Text] Brasilia—The EC Commission and the Brazilian Government will sign a cooperation accord no later than the end of June, while the EC Commission is still under Portuguese chairmanship. It is called a "third generation" accord because it is the most advanced model of

such an accord offered by Brussels. The accord is comprehensive and includes the policy guidelines that will orient the common market beginning in January 1993. All areas are covered in the accord, including the cultural area. Brazil submitted its accord proposal to the Europeans six months ago, and Ambassador Ian Tindal Boag—the EC representative in Brasilia—says there are no major differences between the Brazilian suggestions and those of the EC.

The accord is to be signed by President Fernando Collor when he is in Brussels on an itinerary that was postponed late last year because he remained in Brasilia to support the voting on bills of special interest to his administration. The EC has signed similar agreements with Argentina, Uruguay, Paraguay, Chile, and Mexico.

One of the most important areas covered in the agreement will be industrial cooperation. Preparing the terrain for an intensification of business activity between medium-sized Brazilian and European companies, the EC will within the next few weeks sign an agreement with four banks—Banespa [Bank of the State of Sao Paulo], Desenbanco [Bahia Development Bank], Badesc [Santa Catarina Development Bank], and Bandesul [Rio Grande do Sul Development Bank]. These institutions will handle funds to finance the formation of joint ventures. The EC has \$50 million to take care of its partners throughout the world. To date, Boag said, Brazil has received \$4 million, which has had a multiplier effect of \$250 million. The new companies have been formed with Brazilian, British, Dutch, French, Italian, and German capital, representing funds destined for market research, the start-up of businesses (including participation in their capital stock), and personnel training.

Two weeks ago in Brasilia, en route from Morocco, Boag—who is of British nationality—expressed the belief that relations between Brazil and the EC have entered a positive phase. In addition to the "third generation" accord, \$15 million was allocated to Brazil last week—during a meeting of the joint subcommittee on technical and scientific cooperation—that included joint studies on the environment (pilot project for the preservation of Amazonia) and in the energy sector.

A seminar will be held from 23 to 25 March at the Institute of Technological Research (IPT) in Sao Paulo on the subject of energy indicators. The EC provided funding in the amount of \$200,000 for a survey conducted by IPT/Eletronbras [Brazilian Electric Power Company, Inc.] that came to the conclusion that one sack of cement produced in Brazil is 30 percent more expensive than one produced in Europe, in terms of kilowatts expended. Two sectors will be compared during the seminar: steel and cement.

Another positive statistic for Brazil, Boag emphasized, is the fact that exports of manufactured goods to the EC market have increased. The increase was 18 percent in export sales for 1990. The trade balance for that year recorded Brazilian exports of \$9.8 billion (50 percent of

which were manufactured goods) and imports of \$4.2 billion. The EC's contribution to the Amazonia pilot project is scheduled to be \$15 million for the initial phase, whose cost is estimated at \$50 million. The decision to allocate the funds will be made by the end of this month, the ambassador said.

* S&T Investment Lags Behind Other Countries

92SM0260C Rio de Janeiro O GLOBO in Portuguese
27 Jan 92 p 16

[Article by Lea Cristina]

[Text] Not only the volume, but also the nature, of investments in technology in Brazil leave something to be desired. Brazilian private enterprise invests almost nothing in development, preferring to leave that task to the government—behavior that is entirely different from what occurs in the principal economies of the world. According to data from Price Waterhouse, Brazil in 1990 spent 0.7 percent of its GDP in new research, of which 0.66 percent came from public funds and only 0.04 percent represented investment by private firms. In Japan, on the other hand, 2.78 percent of the GDP was invested in research, with the government accounting for 0.69 percent and the business community 2.09 percent. In Korea, 1.78 percent of the GDP was spent: 0.34 percent by the government and 1.44 percent by private firms.

According to the same data, Japanese investment in technology totaled \$69.5 billion, while Brazilian investment in this area was only \$2.1 billion. That is to say, in addition to investing resources for the development of new techniques at levels well below those of the great powers, Brazil depends on the government for investment in science and technology, which is the basis for any increase in competitiveness. In the opinion of Artur Neves, director for productivity at Price Waterhouse, this lack of interest in new technologies on the part of private enterprise has the effect of creating a vicious circle.

"Private firms," he says, "do not invest in technology and for that reason have low productivity and consequently are not very competitive. Because their competitiveness is low they have poor results and accordingly do not invest in technology, which in turn causes their productivity to be low. If this vicious circle is not broken, it will doom us eternally to a secondary role in the world economy."

The result is an industrial establishment that is out of date, must charge higher prices, and is not very competitive. After all, a top-of-the-line Brazilian-made automobile costs around \$40,000, while models of the same quality can be imported for around \$30,000. A Brazilian microwave oven costs \$400 to \$500, whereas abroad a microwave oven sells for around \$150 to \$180. A microcomputer sells for between \$2,700 and \$3,000 on the domestic market but can be purchased abroad for \$1,500.

Brazilian industry is making progress with respect to various managerial indicators, but this has not been able to diminish the great difference that separates our

national reality from the standard of other countries. This is shown by the survey entitled "Level of Quality and Productivity in Industry" conducted by Price Waterhouse. For example, the average time that raw materials are kept in stock in Brazil was 56.8 days in 1989 and decreased to 48.4 days in 1991. The world standard, however, is six days. In 1991 the average time for the delivery of merchandise decreased to 30.3 days from 38.8 days in 1989, but abroad the average is between two and four days.

When asked to compare Brazilian industry with international standards, 49 percent of the 500 largest companies surveyed acknowledged Brazilian inferiority, while 36.7 percent said our productivity is comparable to that in foreign countries. As for quality, 55.1 percent believe that Brazilian standards are equal to those abroad, while 27 percent have no productivity or quality control programs. The survey cites as principal impediments to competitiveness the lack of economic stability (75.5 percent), governmental interference (59.1 percent), a shortage of skilled labor (57.1 percent), and lack of access to new technologies (42.9 percent).

A survey conducted by the National Confederation of Industry indicates that companies are reasonably well prepared for competition; that the restrictions on the importation of informatics products make modernization difficult; that the new market conditions have not influenced investment decisions; and that the principal strategy is to reduce inefficiency in production.

Percentage of GDP Invested in Science and Technology

Country	Total investment	Investment by government
Japan	2.78	0.69
Germany	2.71	0.97
United States	2.71	1.37
Great Britain	2.42	0.96
France	2.33	1.23
South Korea	1.78	0.34
Italy	1.32	0.72
Canada	1.30	0.66
Brazil	0.70	0.66

Source: Secretariat of Science and Technology/Price Waterhouse

*** Pernambuco Group Gains From Cabinet Reform**
92SM0260B Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 25 Jan 92 p 5

[Article by Joao Domingos]

[Text] Brasilia—The cabinet reform carried out by President Fernando Collor dissolved the "Republic of Alagoas" and created another "republic"—smaller but more powerful—consisting of Pernambucans and already nicknamed in Congress the "Republic of the Guararapes." This new group is led by Minister of Social Action Ricardo Fiuza

(PFL [Liberal Front Party]), a Pernambucan whose physical appearance—because of his big mustache—resembles that of the barons of the Empire.

Deputy Delfim Netto (PDS [Social Democratic Party]—Sao Paulo) went so far as to comment—to a group of deputies—that Fiuza is today the most powerful person in the government. "Fiuza's ministry is similar to that of the former Ministry of the Interior in the days of Mario Andreazza," the deputy said. Fiuza manages one-fourth of the revenues under the 1992 budget (for which he himself was the legislative reporter) of approximately 20 trillion cruzeiros.

In the opinion of Deputy Victor Faccioni (Rio Grande do Sul), PDS leader in the Chamber of Deputies, the "Republic of the Guararapes" is much more powerful than the "Republic of Alagoas." "The Guararapes Republic" is professional," he said, comparing the two. "The other is merely a sandlot team." According to Faccioni, if Collor were the coach of a soccer team, he—Faccioni—would say that in the initial draft the president was looking for amateurs and a few juveniles, but now has a team ready to wear the jersey of the first team. "For the time being, we are rooters," the PDS leader said. "We shall see how the game goes."

In addition to Fiuza, the "Guararapes Republic" consists of the leaders of the government and PRN [National Reconstruction Party] in the Senate, respectively Marco Maciel (PFL-Pernambuco) and Ney Maranhao (Pernambuco); the PRN leader in the Chamber of Deputies, Jose Carlos Vasconcelos (Pernambuco); and the secretary general of the Chamber of Deputies, Inocencio Oliveira (PFL-Pernambuco). Maciel was president of the Chamber of Deputies during the Geisel administration and minister of education and the civilian household in the Sarney administration. Jose Carlos Vasconcelos is one of the deputies who has the most influence when it is time to approve items in the budget. Another influential Pernambucan is Alvaro Mendonca, president of the Federal Savings Bank (CEF), who controls one of the government's principal coffers.

The name "Republic of the Guararapes" was suggested by the politicians as a nickname for the Pernambuco group in honor of the Battle of the Guararapes, when the Luso-Brazilian troops drove the Dutch from Brazil in 1648. The Brazilians had 2,200 troops opposing 4,500 Dutch but won the battle even though outnumbered. In a comparison between the Pernambucans and the Alagoans, the former—just as in the Battle of the Guararapes—are outnumbered but are winning the war.

Among the Alagoan losers are former Minister of Social Action Margarida Procopio; the former leaders of the government in the Chamber of Deputies, Renan Calheiros (ex-PRN-Alagoas) and Cleto Falcao (PRN-Alagoas); the former executive secretary of the Ministry of Education, Jose Luitigard; the former executive secretary of the Ministry of Health, Luiz Romero; the former president of the Brazilian Center for Childhood and Adolescence (CBIA),

Fatima Borges; and the former president of the Brazilian Welfare Legion (LBA), Rosane Collor.

Chile

Foreign Minister Interviewed on Honecker Affair

Moscow Ambassador Recalled

PY0603033992 Santiago Television Nacional
de Chile Network in Spanish 2330 GMT 5 Mar 92

[Interview with Foreign Minister Enrique Silva Cimma at his home, by reporter Bernardo de la Maza in the television studio—live]

[Text] [De la Maza] Good evening. It is now clear that someone lied to the Chilean Foreign Ministry in relation to the state of health of former GDR leader Erich Honecker. Who?

[Silva] You know very well, because I announced that the Chilean Foreign Ministry summoned our ambassador. Before I hear what Ambassador Clodomiro Almeyda has to say I will not prejudice and talk about being deceived or frustrated or talk about any other subjective matter. I have become accustomed to reacting to this type of situation after many years of public life, and this is why I can maintain the tranquillity I usually reserve for such occasions. I am willing to resolve this issue with the utmost urgency. As soon as Ambassador Almeyda arrives we will evaluate this issue thoroughly, and we will resolve it as soon as possible. You can rest assured that the Chilean Government does not accept pressure from any state, no matter how powerful. We said that three countries are involved in this issue, and we maintain that position. The facts about Honecker's illness may have changed since the first medical report—which may be called dramatic—was issued. There was then a second report issued, on the request not only of the Chilean Foreign Ministry but also of President Patricio Aylwin himself, in a letter addressed to Russian President Yeltsin.

The second medical report offers a different conclusion. The main difference concerns the seriousness of Honecker's health. So, we are now in a position to make a decision. We have said that three countries are involved in this case, and we maintain that position. Another country can say what it wants. As a matter of fact, yesterday President Yeltsin sent a letter to President Aylwin citing the commitment of the three countries in this case and expressing his desire to know about the decisions we will make.

[De la Maza] Minister, do you still believe that for humanitarian reasons Honecker, who is quite old, should come to Chile instead of being sent to Germany—because this situation involves a man who is ill, although not seriously. It is known that he is ill. He did have kidney cancer and was treated for that.

[Silva] Let me tell you sincerely that the possibility of Honecker coming to Chile has been scrapped. With a commitment from the Russian Government, we decided to allow Honecker to leave the Chilean Embassy to go to a clinic, and then return to a clinic. This is how the matter stands, and the Russian Government has strictly adhered to its pledge. But since the result of the second medical examination is different from the previous one we must make a decision, and we are willing to do so as soon as Ambassador Almeyda arrives and we get all the information we need. You are also aware that there was a report indicating that the Chilean Government had appealed to the International Red Cross. This report was published by EL MERCURIO either yesterday or the day before yesterday. I immediately asked our ambassador in Geneva for information on this report and the ambassador categorically denied it. This is another example of misinformation on this issue.

[De la Maza] Minister, has this serious problem involving Chilean foreign policy, the image of the country, and the government emerged somehow from having welcomed Erich Honecker into our embassy in Moscow? It is not clear whether Ambassador Almeyda first informed the Chilean Foreign Ministry about it, or if he made a unilateral decision without consulting the ministry. Can you tell us about it?

[Silva] I will be glad to. On that day I was off duty, but I was informed on 11 December, the day Honecker entered the embassy, that our ambassador in Moscow had decided to accept him after an evaluation of Honecker's request. He then reported his action to the Foreign Ministry.

[De la Maza] That is absolutely clear. It would also be interesting to know your opinion on the comments made yesterday by former Foreign Minister Gabriel Valdes that there was a lack of professionalism on the part of Almeyda, and that Almeyda put his personal interests, that is, his friendship with Honecker, before the interests of the country.

[Silva] Mr. de la Maza, we respect the opinion of highly qualified people like Senate President Gabriel Valdes. Naturally we value his opinion as part of the evaluation we will make of this complex issue. But obviously it is the president who is empowered by the Constitution who, through the Foreign Ministry, will make the final decision. The truth is that this type of judgement, even if it has a great value because it comes from a highly qualified individual like the Senate president, does not really help the Chilean image. Furthermore, many press reports in Germany were based on the Senate president's remarks, and perhaps they were praised with the intention of criticizing the Chilean position. I believe that this type of comment might be very useful as a contribution to government policy, but should have been made within the government.

[De la Maza] Let me ask you a final question. Would you completely reject the possibility that Erich Honecker might be sent to Germany for trial?

[Silva] I cannot reject any possibility. I am not rejecting it because the conclusions we will arrive at by thorough study of the information—from 7 to 9 or 10 March at the latest—will allow the president, through the Foreign Ministry, to make a final decision.

[De la Maza] We are very grateful for your participation in this newscast and we value the importance of your comments.

[Silva] Thank you for your consideration.

Will Not 'Shun' Responsibilities

PY0603142492 Santiago Radio Chilena Network
in Spanish 1000 GMT 6 Mar 92

[Excerpts] Foreign Minister Enrique Silva Cimma has not ruled out the possibility of delivering former German leader Erich Honecker to German authorities to stand trial. According to the foreign minister, this will depend on the result of talks he will hold with President Aylwin in the next few hours.[passage omitted]

The foreign minister also reported that he will receive German Ambassador to Chile Wiegand Pabsch in his office today. The diplomat asked for an audience to present a protest note from his country to the Chilean Government for not delivering the former communist leader.

The note states that the Federal Government expects Chile to bear its responsibility and stop blocking court proceedings against Honecker. The note adds that the Federal Government cannot accept that the former leader's stay in Moscow is treated as a private invitation by the Chilean ambassador.

Minister Silva said he was unaware of the protest note, which was broadly disseminated by the international press. He made it clear though, that the government will not shun its responsibilities if the story is true. He added that the Chilean authorities are fully aware of the dignity with which they must exercise their sovereignty in the international field. [passage omitted]

Rojas on Unremovable Status of Commanders

PY0503190092 Santiago Radio Chilena Network
in Spanish 1600 GMT 5 Mar 92

[Text] Defense Minister Patricio Rojas has pointed out that, for the time being, the unremovable status of the Armed Forces commanders in chief is not a priority issue for the government.

The details of this will now be supplied by reporter Juan Manuel Ramirez from Radio Chilena's mobile unit.

[Begin relay] Defense Minister Patricio Rojas met this morning with General Augusto Pinochet, the Army commander in chief. The defense minister pointed out

that they reviewed pending issues, work plans for the Armed Forces, pertinent orders for 1992, and tasks for the Army, the Navy, and the Air Force.

He said that they discussed everything and that the meeting was extremely cordial and pleasant and in no way discordant. The defense minister added that there has never been a difficult situation with the Army commander in chief.

Concerning Pinochet's recent remarks in northern Chile, the defense minister noted that it was the normal language between the [defense] minister and the Army commander in chief, with each playing his role.

Asked about General Pinochet's retirement, Minister Rojas said the following:

[Begin recording] [Rojas] The situation of the commanders in chief is well known. As provided for by the Constitution, the commanders in chief are unremovable. Only by a decision by the National Security Council or through a constitutional accusation, favorably voted by the Chamber of Deputies and the Senate, can they be removed. Otherwise, they can choose when to retire.

[First unidentified reporter] [Words indistinct] that issue, minister?

[Rojas] This issue is not on the defense minister's agenda for discussion with any commander in chief. We are working on institutional plans for 1992 and the upcoming duties. We have a lot to do and no time to deal with other tasks such as (?political ones).

[Second unidentified reporter] [Words indistinct] talk with them?

[Rojas] I am just an executive of the national defense sector. Therefore, I am not entitled to make any comment that is not on the agenda with the commander in chief. Legal initiatives come under the executive branch. The Armed Forces are not co-legislators [co-legisladores] in Chile.

[Third unidentified reporter] Minister, the president of the Republic has pointed out that, before making a decision against the unremovable status of the commanders in chief, he would like to know the opinion of the people involved in this matter. Will this issue be discussed?

[Rojas] Of course. The defense sector does not take any initiative without taking into account the opinion of the institutional commanders in chief. The commanders in chief are consulted about all initiatives that we have promoted and will promote.

Furthermore, the decisionmaking ability and the legislative initiative are concerns of the executive branch and the national Congress. There is no other co-legislative power [poder co-legislativo] in Chile. [end recording]

Meanwhile, the defense minister categorically denied that our country would purchase MiG airplanes from Russia.

Minister Rojas made these remarks at the Chilean Air Force Officers Club during a ceremony to issue a postage stamp to commemorate the Seventh Air and Space International Fair, FIDAE 92. [end relay]

Costa Rican President Meets With Aylwin

PY0503205092 Santiago Radio Chilena Network
in Spanish 1600 GMT 5 Mar 92

[Text] I am coming to Chile to ask for help because you are in the vanguard of Latin America's industrial reconversion, and of integration into the world economy. This remark was made by Costa Rican President Rafael Calderon at La Moneda Palace after meeting with Chilean President Patricio Aylwin. Calderon described the meeting as exceedingly cordial.

The visitor added that each nation has its history and traditions and that each nation is sovereign and free to keep Armed Forces as it deems appropriate.

Asked if he supports the position that countries should reduce their military budgets, the Costa Rican president said:

[Begin recording] I believe this depends on each nation. We in Costa Rica made a decision 50 years ago to invest our funds primarily in social security, education, and health. This has yielded great results for us. This, however, must be decided by each nation in a free and sovereign manner. [end recording]

The Costa Rican president added that he finds Chile as it has always been: free and democratic. He said there has been extraordinary advancement in the field of human rights at the international level and stressed that his country has always supported condemning such violations in Cuba.

With further information on the activities of Costa Rican President Rafael Calderon in our country, we now have Juan Manuel Ramirez from our mobile unit.

[Begin relay] During his official visit, Costa Rican President Rafael Calderon visited the (?CDI) [expansion unknown] and (?Machazas) companies this morning. He announced the signing of a free trade treaty between Chile and Costa Rica.

[Begin recording, in progress] [Calderon] ... the opening policy, the large market policy, thus being able to sell on the large markets in order to overcome underdevelopment.

[First reporter] [Question indistinct]

[Calderon] [Words indistinct] with China. We will sign a free trade agreement with Chile, an agreement that will allow for much greater trade between our two nations. I would say that, in the commercial field, this will be our greatest advancement in the coming months.

[Second reporter] When could the free trade agreement be signed?

[Calderon] I hope in 1992 or, during the first months of 1993 at the latest.

[Third reporter] [Question indistinct]

[Calderon] This would reduce tariffs and trade between Costa Rica and Chile would increase a great deal. [end recording]

During his official five-day visit, President Calderon also will sign agreements on technical assistance. [end relay]

* Study Views Investment Projects in 1990's

92SM0271A Santiago EL MERCURIO in Spanish
19 Jan 92 p F1

[Article by Carolina Gazitua P.]

[Text] Investment was the hot issue of 1991. The reason? This important variable fell to a rate of around 18 percent of GNP, significantly lower than the record level of 1989, when it climbed to 21.8 percent.

Blame the rate of exchange, the adjustment of 1990, confidence, indicators. The fact is that the issue is of concern to everyone, especially because of the consequences of lower investment on the country's capacity to continue growing in a sustained manner.

But to the relief of some, it appears that this concern could begin to diminish. That is what can be deduced from the survey of investment projects carried out by the Industrial Development Association [Sofofa], which tracks investment plans to the year 2000, in both the public and private sectors.

The study takes as a universe investment projects that have been approved in the different sectors of economic activity and that are public knowledge. In that way the survey measures total investment incurred as of a given date, and the amount planned for the next few years. This sum, according to the study, totals \$15.186 billion, of which \$13.0112 billion is planned for future investment. Most of that total is concentrated in this year or the years immediately following, but there are also important plans in the works for the second half of the decade.

Of the total, private sector projects represent 78.3 percent, that is, \$11.8931 billion. Of course, that is not the same as the \$15.122 billion the same study recorded as private sector development projects in June 1990, the "peak" investment month. But it is certain that the current level constitutes an advance over the level of the end of last year, when the Sofofa study showed private investment totals to be lower. Because even if no relatively strong rebound in investment has yet been produced, the study indicates a stabilization in investment levels, leaving many people much more optimistic as to the future of this extremely important variable.

The Megaprojects

The industrial sector continues to attract the greatest resources, with more than a quarter of total planned investment in January 1992. And that despite the fact that over the last year and a half the amounts destined for that area have fallen by 35 percent.

A similar declining trend has been observed in tourism sector investment, which fell from \$496.2 million in June 1990 to an investment level of only \$272.5 million today. The opposite has occurred in the commercial and service sectors, where resources have tripled in the case of the former, and doubled for the latter.

According to analysts, the reason for this change can be found in the exchange rate decline experienced over the past 18 months. This has caused most development to occur in the sectors involving short-term investment, such as services and trade, and the stagnation or decline of sectors requiring long-term investment, such as industry and tourism, where the dollar's value has a greater effect.

Mining, energy, and telecommunications continue to experience high rates of investment. It is precisely the latter sector that encompasses the largest project, the Chilean Telephone Company's development plan for \$1.5 billion, which will be realized in 1996 and which involves a net increase of a million new telephone lines distributed throughout the country.

Following that, also in the megaproject category, is the investment planned by the Swedish firm Stora and the Chilean firm Celulosa Arauco for 1997 in Region X, for a total of \$1.1 billion. It involves a large wood fiber plant with production capacity of 500,000 tons per year, putting the Lagos Region ahead of the other zones in the country, and concentrating more than 14 percent of total investment here in the year 2000.

Capital Resources

Important resources are also being directed to Region II, followed in descending order by Regions VIII, V, Santiago (city), and the Metropolitan Region. The Sofofa study distinguishes between the two latter, classifying investment in the Metropolitan Region not like that occurring in the city itself, but rather in the outskirts, where the natural resources necessary for completing the projects are concentrated.

That is the case, for example, of the \$500 million Project Alfalfal II of Chilgener, which involves two new hydroelectric plants of 200 megawatts each. Also cited is the extension of Exxon Minerals' Los Bronces mine, which will cost \$350 million, employ 630 people and result in a \$200 million increase in annual copper exports from the country.

In the city of Santiago itself, on the other hand, investment is more concentrated in the real estate, transportation, tourism, and industry sectors. One of the most important projects, expected to be completed between 1993 and 1996, is Line 5 of the Metro, for \$240 million.

The shopping centers of Costanera Center and Alto Las Condes, both of Las Verbenas S.A. Real Estate, stand out for their large amounts: \$150 and \$35 million respectively. The industrial sector also has its plans for the capital, among which are the \$20-million expansion of Cerveceria Santiago, and Embotelladora Andina's new recyclable plastic container plant, with an expected investment of \$18 million that will allow it to produce 300 million bottles per year.

Not Just Copper

Reviewing the investment prospects from north to south, what first stands out are the mining projects. That is why in Region I the main prospects involve copper: Cerro Colorado de Rio Algom-Canada, at the top of the list with \$290 million; followed by Quebrada Blanca, of Cominco Resources Chile Ltda., Minera Pudahuel, and Enami, entities that together will invest \$280 million between 1993 and 1995.

In Region II it is the state enterprise Codelco [Copper Corporation] that heads the investment rankings, with diverse projects in Chuquicamata division that will total \$390 million between 1991 and 1995.

But not everything is copper in this zone, since the energy, nonmetallic mining, and even scientific sectors have important investment plans between now and the year 2000.

Along these lines, what comes to mind is the plan to construct a \$300 million astronomical observatory at Cerro Parranal, which will have the most powerful telescope in the southern hemisphere and employ 150 people.

The La Candelaria copper mining project, 80 percent owned by Phelps Dodge USA and 20 percent owned by Sumitomo, far surpasses the other investments in progress in Region III. It involves an investment of close to \$538 million to exploit the country's fourth largest deposit.

There are also copper projects in Region V, such as Andacollo Copper, in which Enami and Placer Dome are participating jointly with \$350 million in resources to invest between 1992 and 1994, employing 650 people. In this zone, projects also stand out in the tourism sector, such as, for example, the Herradura Tourism Complex of the Cuenca del Sol Real Estate Company, which will be developed on 8 hectares on the beach of the same name near Coquimbo, with investments of \$30 million.

Farther south, in the Valparaiso region, even though copper projects lead the list (Chagres Foundry, and Codelco investments), important investments are also planned for the tourism, energy, and oil sectors. Similarly, the construction of three dams, for \$150 million by 1997, is being considered by the Irrigation Directorate.

Wood Fiber: The Queen of the South

Wood fiber and the forest products sector, in general, rule south of the Metropolitan Region. The Stora and Celulosa Arauco project has already been mentioned, to

which is added the large sum (\$587 million) that Papelera and Simpson Paper are investing in the Celulosa del Pacifico plant, which is expected to begin operations the first quarter of the year.

The Licanten plant is planned in Region VII, a \$130 million investment by the Swiss group Attisholz de Luterbach, with production entirely aimed at the Swiss and German export markets. Also of importance is the Forestal AnChile project in Region X, which according to the Sofosa study has planned investment of \$500 million, and the Astillas Forestal Tierra del Fuego plant in Region XII, with \$289 million.

Another sector that stands out with large sums to invest in the next few years is energy. Endesa [National Electric Company, Inc.], through its Panguel S.A. subsidiary, will build the hydroelectric plant of the same name in Region VII (\$460 million), while Pehuenche S.A., majority-owned by Endesa, will carry out the Curillinque project in Region VII, with investment of close to \$100 million.

Industry south of Santiago is concentrated primarily in Region VIII of Biobio, where CAP [expansion not given], through the Huachipato Steel Company, has two projects totaling more than \$250 million to be undertaken this year. This group also forms part of a joint venture of investors (Enap [National Petroleum Enterprise], Petrox, and the Comar group, among others), which will direct \$100 million to the polypropylene industry.

Projects Being Considered

Apart from the investment projects in progress, the Sofosa study also mentions and describes projects that are being evaluated by the National Energy Commission, totaling \$1.905 billion; projects in the development stage, totaling \$1.696 billion; and projects in the decision stage, \$3.154 billion.

These latter are very important, since if they are approved and formalized over the next few years, they could radically change the country's investment profile.

The largest of them is the Aysen Project, of the Alumysa Company of Canadian ownership, which is considering an investment of \$1.61 billion. This includes an aluminum refinery located at the mouth of the Cuervo River in Region XI, with production capacity of 230,000 tons per year. Also being considered is a 550-megawatt hydroelectric plant and a shipping port for vessels of up to 100,000 tons, all of which would provide work for 1,000 people.

The Pacific Foundry and Refinery is another project in the decision stage. It involves a foundry in the northern zone to process 600,000 metric tons of copper metallic concentrate per year, in which the following companies will participate, with investments of \$500 million: Belgica Acec Union Miniere, Brasil Arbi Participacoes-Caraiba, Lac Minerais, Enami, and Sudamericana de Metales de Chile.

The Chile-Argentina gas pipeline also falls under this category of projects. The expected investment for this project is \$600 million, and participants will include Copec [Chilean Oil Company], Gasco, Shell, Enagas and Abastible. Gas will be brought from Neuquen and in the first stage Santiago and Concepcion will be supplied, with intermediate points being connected later, and with estimated consumption of 5 million cubic meters per day in Chile.

In the electricity sector other projects are in the decision phase, which would be the responsibility of Chilectra Metropolitana together with other investors. Construction of a 200-megawatt central power plant is being considered, for an investment of \$100 million.

The investment horizon, therefore, could improve in the future. The study carried out by the Industrial Development Association gives an indication of that, as do the figures for authorized foreign investment during 1991, which showed growth of 135 percent over 1990.

In this sense, it is clear that out of the total investment considered in the study, nearly one-third is foreign. That is important, they point out, not only because it implies fresh capital, but because of the technology transfer and access to new markets that this implies for our products.

**Investment by Region, 1992-2000
(Percent)**

I	6.5
II	13.5
III	8.3
IV	5.9
V	8.7
VI	5.0
VII	4.5
VIII	9.8
IX	1.3
X	14.3
XI	1.4
XII	3.5
Metropolitan Region	8.3
Santiago	8.8

Source: Sofosa

**Investment by Sector, 1992-2000
(Percent)**

Industry	25.2
Mining	22.1
Private Sector Energy	10.5
Telecommunications	12.1
Tourism	1.6
Trade	2.5

Private Sector Services	1.2
Private Sector Transportation and Infrastructure	3.0
State-Owned Enterprises	6.7
Public Sector Energy	3.3
Transportation and Public Works	11.8

Source: Sofosa

* Party Strategies for Municipal Elections Viewed

92SM0269A Santiago QUE PASA in Spanish
27 Jan 92 pp 16-17

[Report by Ana Eugenia Rodriguez: "Festival of Candidates"]

[Text] If, during the 1989 congressional campaign, the country found itself asphyxiated by the bids of the 520 candidates for the National Congress, the suffocation starting in March will be distressing. This is because, on that date, 12,000 candidates will begin competing for the country's 334 municipalities in an election to be held on 28 June.

Without baring their secrets to the enemy, the parties are hatching their plans at full speed. The PPD [Party for Democracy] slogan is "to improve life," and its graphic depiction (an urban scene with childish, naive features) reflects the best of its assets: a nonideological party that is fearful of describing itself as "left of center," preferring to call itself "progressive."

The three-page pamphlet to be distributed by the candidates (in which nothing remotely smacks of the left) claims: "The PPD is a party of citizens, and its supporters are persons of diverse ideological tendencies, who share the common desire of engaging in politics in a modern, clearly visible, and effective manner." Advised by the publicity agent Eugenio Garcia (who worked on the Aylwin campaign), the PPD's nearly 400 candidates claim to be the most efficient for improving the quality of life of their communities' inhabitants.

The PS [Socialist Party], on the other hand, is preparing to wage its first war at the polls with the PPD reaffirming its leftist identity. Hence, the intentions of some Socialist leaders to change the red flag and eliminate the "Marseillaise" have been permanently banished. The PS has been warned by studies showing that the Allendist Democratic Left Movement (MIDA) is harassing it from the left flank, and the PPD, from the right. As if that were not enough, there is an appreciable percentage of voters declaring themselves leftists who will cast their votes for the PDC [Christian Democratic Party]. Therefore, it will display its red and white party symbols under a stamp especially devised for this offensive, reading "The New Left." The campaign slogan will be "with all the community's hands."

Publicity agent Joel Munoz, plus Hugo Rivas and Juan Pablo Egana, are the ones responsible for lending shape

to the ideas that emerge from a command group comprised of Ricardo Nunez, Jaime Perez de Arce, Isabel Allende, Denise Pascal, and Oscar Guillermo Garreton, among others. One of the pivotal points is to confirm the notion of a governmental party with ministers, under-secretaries, and a long list of public officials with the capacity to govern. The purpose of this is to distinguish itself from the extra-congressional left.

The PDC also will emphasize the party identity, defined by Sergio Wilson, deputy chief of the campaign command group, as "our principal asset." The PDC has lagged behind the PPD in designing its campaign marketing [previous word in English]. A "creative team," comprised of Tomas Jocelyn-Holtz, Luis Ajenjo (general manager of Radio Cooperativa), Cristian Kaulen, and Fernando Silva, has been searching for ideas. They are headed by Deputy Gutenberg Martinez, leader of the PDC command group.

It is most likely that the Tempora advertising agency will be engaged in marketing its candidates. Just as occurred during the congressional elections, the rainbow and the Falangist blue will appear on the posters. The slogan has not been decided yet, and the one already proposed, "to serve the people" (used in a previous PDC campaign for community congresses), has been criticized by some who consider it paternalistic.

It is possible that RN [National Renewal] will hire the same publicity agents who designed its campaign and that of Hernan Buchi: Martin Subercaseaux's Publiart BBDO; as well as the agency of Marcelo Lopez and Paula Sutil. The main idea will be RN's willingness to support the "best neighbor." It will thereby emphasize its backing for efficient local leaders, even if they are independent. This idea, added to the presumed politicization of the municipalities which, they claim, would bring down the Coalition, will also be exploited by the UDI [Independent Democratic Union], which is attempting to sell the image of an austere, almost hand-crafted campaign.

Therefore, in the UDI only militants experienced in the area will engage in the marketing (without pay). These include Joaquin Lavin, the entrepreneur Carlos Alberto Delano, Ignacio Astete, and the journalist Manfredo Mayol. Whereas the competition will photograph all its candidates for posters, sidewalk signs, three-page pamphlets, and flyers, and is willing to finance radio and television messages, the UDI will only provide its candidates with posters and two-page pamphlets, containing the party logo and slogan. The latter will probably be "UDI believes and creates in the municipalities." According to an organizer of the campaign, Domingo Arteaga, the 1,000 candidates will have to write their names on the posters with felt-tip pens. To compete with RN, the UDI will reinforce the notion of being party in greatest opposition. According to its leaders, the campaign will not have centralized financing, and only 50 million pesos, or about \$150,000, will be spent on it. The figure is ludicrous if one considers the fact that the PS

has calculated a budget of \$2.5 million. However, every UDI candidate may procure larger sums on his own.

RN opted to reinforce the institutional campaign and centralize the financing of its advertising. Furthermore, not only will marketing material be provided to the candidates, but money will be given to them for expenses as well. Hence, the cost of the RN campaign is estimated at approximately \$2.5 million. This is a moderate figure when one considers that Sebastian Pinera and Miguel Otero spent a total of \$2 million to reach the Senate.

Although the opposition voted against state financing for the municipal campaigns, RN and the UDI will benefit equally from the law granting 350 pesos for every vote obtained. The RN calculates that they will win between 18 and 20 percent of the vote; which would mean a refund of 500 million pesos. However, they believe that they will be able to acquire the 800 million pesos that the campaign will cost them. The UDI expects to win nearly 15 percent of the vote; hence, they would pocket 400 million pesos. The UDI and RN leaders claim that they will not incur a debt to be paid by the state refund; therefore, they are considering allocating funds for welfare projects.

The PPD and the PS do need those funds. According to their calculations, each will invest about 900 million pesos, and the refund that they will receive (if they win between 10 and 15 percent of the vote, as they predict) will total approximately 250 million pesos. Moreover, the outlook becomes even darker, because the large contributions from the kindred parties in Europe (especially those of Italy, Germany, Spain, Sweden, Finland, and France) suffered a drastic reduction after the military government ended. European contributions which, in 1989, financed 70 percent of the PS-PPD bloc's electoral expenses, probably will not cover over 30 percent now. There is the aggravating circumstance that the two parties will confront the municipal elections with independent campaigns. Nevertheless, both parties claim that there will be no war between them over which is to gain the favors of the Europeans, because the majority of the international social democratic movement favors an understanding between the PS and the PPD, and the donations will most likely be distributed equitably.

The PDC draws optimistic conclusions. It expects to win between 30 and 40 percent of the vote, which represents a state refund of \$2 million. However, its campaign will be more expensive: It will run 900 candidates, more than twice the number from the PS and the PPD. Hence, it will have to incur a debt to be paid by the state refund, and collect at least another \$1 million.

The PPD campaign's command group, headed by Guillermo del Valle and Deputy Victor Manuel Rebolledo, will have Jorge Schaulsohn as its "generalissimo." The popular figure of the education minister and possible presidential candidate, Ricardo Lagos, will not be exploited in the campaign, as its organizers have claimed repeatedly. Del Valle maintains: "We don't need Lagos to tour squares and

rallies. He can help the PPD more by showing what a great administration he can run as minister."

In the PS, whose "generalissimo" will be Ricardo Nunez, they also confirm their intention not to "burn out" Lagos in the campaign, and to lend him an even more conciliatory image, so that the voters may view him as a government alternative. Nevertheless, leaders of both parties admit that the intention of not showing off Lagos could change if Eduardo Frei uses the municipal campaign for his presidential race: something that is almost certain. Although the PDC has stated its intentions of not converting the municipal elections into primaries for the presidential elections, some Christian Democrats have an irreproachable excuse: "Frei is the party's president, and it is up to him to support its candidates actively."

On the right, Hernan Buchi will be the overt presidential hopeful, who will head the campaign of the UDI's 1,000 candidates. It is also possible that the image of Jaime Guzman and his political message may be used in the campaign.

The RN is in suspense. If its members observe Frei, Lagos, and Buchi embroiled in a dispute over their option for La Moneda, then they will move ahead the proclamation of their own presidential hopeful. Then the RN candidates will no longer appear alone on their photographed posters, but rather with a candidate for the presidency. Meanwhile, Sebastian Pinera, Miguel Otero, Sergio Onofre Jarpa, Evelyn Matthei, and Alberto Espina will be distributed among the country's regions to travel in support of RN's over 1,000 candidates.

Peru

Minister Announces No Cabinet Change; Bank Aid

PA0503181892 Lima Panamericana Television
Network in Spanish 1200 GMT 5 Mar 92

[Text] Alfonso de los Heros, Council of Ministers president, said the government will correct whatever is necessary regarding fiscal matters. He said the government is not opposed to criticism if it is well intentioned. He was very cautious in stating that there are no divisions inside the Cabinet.

De los Heros attended a luncheon given by the Peruvian Institute of Business Administration, where he detailed the Executive Branch's perspectives for 1992.

[Begin recording] [De los Heros, in progress] ...no doubt about Cabinet unity. There is always dialogue. Everyone presents ideas and these ideas are evaluated by all. From there we reach conclusions. The president said on 3 March that he will address the nation on 5 March. In his speech he will surely explain some of the measures we will be taking.

[Unidentified reporter] Mr. Minister, the confidence the people and businessmen had in the government no longer exists. What will you do about this?

[De los Heros] I think people are just saying that. It is not true that they have no confidence. I believe the government has proven it is working seriously and moving in the right direction in fiscal and social matters. The problem is some doubts could arise regarding some measures. Please do not forget we have instituted these measures to fill gaps in the treasury, gaps that have arisen as a result of budget measures and measures related to the general law and the agrarian law. These laws created a budget deficit. This deficit has to be covered. Even so, these measures are being revised constantly.

[Reporter] Mr. Minister, there is a lack of confidence in some private and state banks. When will you be able to guarantee that the depositors indignantly waiting outside these banks will have access to their deposits?

[De los Heros] The president clearly stated on 3 March—and I am now reiterating what he said—that all the funds deposited in state banks are guaranteed. Nobody will lose his money. That must be absolutely clear. We are also helping the National Savings Bank of Lima. We are helping this bank, despite the fact that it is part of Lima's Public Welfare Department.

[Reporter] But when will those people [words indistinct] have access to their deposits?

[De los Heros] Measures have already been taken to guarantee those deposits. Deposits will be guaranteed while these institutions are being reorganized and a time limit will be established to allow people access to their money.

[Reporter] [Words indistinct] Mr. Minister, speculation has started again in city markets and markets in the interior. Are you working on this?

[De los Heros] Yes, we are. There is no reason for this speculation because adjustments to the general sales tax do not affect that type of consumer goods or basic products such as tomatoes, lettuce, or any such product. What happens is that every time there is a situation like this, many people take advantage of it. They take advantage of the panic that prevails, if you will, and they try to make adjustments, despite the fact that there are no tax repercussions, since taxes affect other situations and other people. We have to be careful about all this. What the government aims to do is very simple: This is a market. It is up to the consumer to demand that his rights be respected, and he should do so by not buying from those who are asking for more than they should for food and basic products. [end recording]

Venezuela

Former President, Writer on Political Situation

PA0503161192 Santa Fe de Bogota Emisoras
Caracol Network in Spanish 1200 GMT 5 Mar 92

[Telephone interview with former Venezuelan President Luis Herrera Campins and Arturo Uslar Pietri, Venezuelan writer and political leader, by unidentified reporter—live]

[Text] [Reporter] It is a pleasure and an honor for Emisoras Caracol Network to greet former Venezuelan President Luis Herrera Campins. Mr. President, good morning.

[Herrera] Good morning.

[Reporter] What is your opinion on what is happening in your country and the announcement that President Carlos Andres Perez will address his fellow countrymen at 1100 [1500 GMT] on 5 March Venezuela time?

[Herrera] I believe the situation has improved in the past few days. We are experiencing difficult and delicate times that have made the people and the country's leaders aware of their responsibilities and have also affected the government.

[Reporter] Mr. President, in your opinion, what unleashed the current crisis in Venezuela?

[Herrera] As a scholar would say, it is quite evident. The crisis was unleashed by the 4 February military uprising. It was the strongest and best organized uprising in our history.

[Reporter] Is that the cause or the effect of the situation?

[Herrera] It is more an effect than a cause. As you know, there was no document explaining the reasons for the coup. Therefore, everyone has his own interpretation of the motive and purpose behind it. I must add that the country is still determined to defend its institutional and democratic system. As I was saying, I hope democracy will improve as a result of this incident.

The Presidential Advisory Council, which was appointed by the president of the Republic, is composed of distinguished men. It includes Senator Pedro Pablo Aguilar, former Copei [Social Christian Party] secretary general and currently secretary general of the Latin American Christian Democratic Association; Senator Ramon J. Velasquez, very well known in Colombia and a very important member of the Colombian-Venezuelan Border Commission; Julio Sosa Rodriguez, former Ambassador to the U.S. and well-known businessman; Pedro Rincon Gutierrez, former dean of the University of the Andes and current deputy; and other prominent Venezuelans. The Council has been working hard and consulting with other prominent men and representatives of influential social sectors throughout the country. Last night, the Council presented a document to the president. The document has been described as historic even though the complete text has not been made public. From what we have heard from the presidential palace, it is believed that the president will follow, to a great extent, what the document suggests. The document not only suggests political changes that should be made immediately, but other institutional changes, including the establishment of a National Constituent Assembly. Specific steps must be taken to include this matter in the constitutional changes currently being made, and the idea also must be voted on in a referendum.

I would dare say that all the political parties agree on this matter. We all want the situation to be solved within the framework of the law, and that is why the views expressed by some prominent Venezuelans who have asked that President Perez resign have not been very well accepted.

[Reporter] President Luis Herrera Campins, do you believe a reduction of the presidential term and early elections in Venezuela could be included in the constitutional reforms?

[Herrera] Anything is possible. We would first have to know the extent of the National Constituent Assembly's powers. What you suggest is a possibility. The president's resignation has not been considered the most convenient or adequate move because, among other things, we would be leaving our situation to chance. This is a time when we need to be level-headed; we must think things through. We must act objectively. Therefore, it is within the framework of the law that we must find a solution to the country's problems. We also must find solutions to the social and economic problems. I believe that the document submitted by the commission....[pauses] I went before the commission two days ago and spoke to them about several measures that I believe should be adopted. From what I have heard, my suggestions have been included in the document. I suggested measures such as halting the successive increases in the price of gasoline. These increases have affected transportation rates and the price of many other products. That must stop because it is having a negative effect on the middle and poor classes.

I also spoke to them about the package of economic measures and about the need to talk to the IMF to explain the situation because—as we all know—the economic measures set forth by a group of ministers headed by Miguel Rodriguez, former head of Cordiplan [Office of Coordination and Planning] and current president of the Venezuelan Central Bank, offer no other alternative to possible reforms. However, I am sure that when President Perez speaks today, he will express substantially the Presidential Advisory Council's opinions and conclusions. I also hope that he will make profound cabinet changes because the changes he has made lately have been merely cosmetic and very weak. The situation in Venezuela demands that the government increase the country's confidence so it will have greater credibility and respect.

[Reporter] Along those lines, President Herrera Campins, regarding the Armed Forces' role within Venezuelan society, it would seem as if the tip of the iceberg [preceding word in English] was the coup attempt. Although certain mid-level officers already have been implicated, everything points to unrest within the military institution. Civilian society must pay attention to this, because if the problem is not resolved, perhaps Venezuelan society—regardless of how much attention it pays—always will be institutionally weak.

[Herrera] The truth is that the Armed Forces, as part of the country, also feel the effects of the social and economic crises. Midlevel officers and members of the subordinate ranks particularly are affected by price speculation, inflation, and low-cost housing. However, as commander in chief of the Armed Forces between 1979 and 1984, I can say that an overwhelming and crushing majority of Armed Forces members truly are constitutionalists and institutionalists who know full well that the characterization of the Armed Forces as apolitical, obedient, and nondeliberative does not in any way affect the people's regard for them. Meanwhile, possibilities have been increasing for the Armed Forces' to participate in very important tasks for the country's development, especially in the field of education and in the construction of infrastructures.

[Reporter] Mr. President, who really was behind the military officers who staged the coup attempt on 4 February?

[Herrera] The Armed Forces, it is said, have been observing events in Venezuela and the world. After all, these days each and every sector of the country must be knowledgeable if there is to be an awareness of the changes taking place in the world. I am not among those who believe that the events of 4 February were a sort of training maneuver for a larger-scale uprising. I believe that the uprising had been in the planning for a long time, and the young officers involved truly made a thorough effort. They failed, which is to be expected in a consolidated democracy like Venezuela's. We should be expectant and alert regarding the national Armed Forces' reality. That is why at the beginning I said that the situation truly has improved a great deal. We should praise the loyalty, reliability, flexibility, and ability with which Defense Minister Division General Fernando Ochoa Antich has handled the military crisis so far.

[Reporter] Mr. Former President, the international press agencies have speculated a great deal over Dr. Carlos Andres Perez' health. Have you had an opportunity to talk with him, or do you have any information?

[Herrera Campins] I have not spoken to President Perez over the past few days. The last time I saw him personally was after the coup attempt during the event held by the OAS and the Latin American governments to support Venezuelan democracy. The event was held at the Miraflores Palace.

I know the people—the reporters tell us this—think that the president looks worried. That is to be expected. The events in this country have been serious and, logically, they must affect the Venezuelan president's state of mind. It must not be forgotten that one of the greatest responsibilities that a president has once he is given the opportunity to lead the country, not only from the legal viewpoint but also from the moral and popular viewpoints, is not to lose either the Republic or democracy. Therefore, it is only natural for the atmosphere and the president to reflect worry.

[Reporter] Commander, do you believe that the issue of the delimitation of marine and submarine waters between Venezuela and Colombia is at the bottom of Venezuela's current crisis?

[Herrera] Individuals reportedly linked to the coup attempt say that it is.

[Reporter] Thanks to former president Luis Herrera Campins for his statements and explanations to the listeners of Colombia's Caracol Network.

[Reporter] We have Dr. Arturo Uslar Pietri on the telephone. Good morning, Dr. Uslar.

[Uslar] Good morning. It is a pleasure to talk with you.

[Reporter] Did you hear Dr. Herrera Campins' remarks?

[Uslar] I heard the tail end, thanks to your station.

[Reporter] What do you think about the portion you heard?

[Uslar] Well, I agree with him on many things, but I disagree on others. Venezuela has been facing a great crisis, one that is very complex because it deals not only with economic but other aspects as well. I even would say that the economic or social aspects are not the most important here, although they are important. This is not an exclusively military problem. It is a crisis of the system and the way the system has been operating. In other words, we are dealing with a great political crisis. The political decisions leading to Venezuelan democracy as of 1958 largely were emergency measures to ensure the transition from a dictatorship to a democratic regime. However, there was no desire to go deeper and establish a truly representative electoral system. A system of political patronage and influence peddling was established, and the ruling party permeated all public power.

[Reporter] Dr. Uslar Pietri, you said you agreed with some of Dr. Herrera Campins' remarks. You also said the Venezuelan crisis had other causes and characteristics. Would you please discuss that in more detail?

[Uslar] With pleasure. Undoubtedly, Venezuela faces one of its most serious historical crises. It is a complex crisis in which the economy plays a role, but not the largest one. There is a social aspect, but it is not the only one or the most prominent. There are problems in the Armed Forces, but they are not the only ones. The central problem is how the democratic system is operating in Venezuela. This process has been very unsatisfactory and in over 30 years it has been unable to make the necessary corrections to purge democracy and make it truly representative and successful. This is what has happened historically in Venezuela. There is talk of calling for a constituent assembly. It could be done, but it would only postpone for one or two years the possibility of drawing up a new Constitution with important corrective provisions. Venezuela's situation requires immediate, ongoing corrective measures, regardless of whether or not a constituent assembly is called in the future.

Among all of Venezuela's problems, I would say that one is central: corruption. In recent years, particularly those that coincided with the oil boom and the enormous quantity of dollars that this country received, a form of rampant corruption appeared that permeates all national life. That corruption includes offensive ostentation, the desire to show off the riches easily acquired in the shadow of and in connection with the government. Immense financial corporations have been created in the government's shadow. Everyone knows it. In addition, there is absolute impunity. Not a single person with any degree of responsibility for this situation is being tried, let alone sentenced or put in prison. That is the fundamental and central root of the problem.

[Reporter] Dr. Uslar Pietri, we in Colombia have heard statements by the Democratic Action [AD] National Committee accusing you of fostering the decline of Venezuelan institutions because you support the coupists and promote the fall of the constitutional president. How do you feel about those statements?

[Uslar] I believe that they are absurd, totally absurd. I regret them because the political committee of a party as important as the AD cannot afford to make such foolish statements with such grave consequences. I have never been a coupist. I have never taken part in any conspiracy. No one can say that I have talked to a soldier or anyone to subvert public order. What I have said, I have said publicly. It is funny that now, if anyone says the Caracol building has cracks and may collapse, and later the building does collapse, the person who gave the warning gets the blame. You understand, this is a regrettable instance of narrow-mindedness.

[Reporter] We understand it that way. As things stand now, and considering what President Carlos Andres Perez reportedly may say in the speech he will deliver this morning, do you believe the crisis is abating, or are the roots you mentioned, namely, corruption, impunity, failure of the democratic system to work properly in the past 30 years, too deep? In other words, do you think President Perez will complete his term as expected?

[Uslar] I want him to complete his term as expected. The circumstances, however, have reached such an extreme that one of the solutions, one of the constitutional solutions—I want to be perfectly understood—avoiding a constitutional rupture, could be the resignation by the president and the congressional appointment of a citizen to hold power for the duration of this period. That is explicitly established in the Constitution. That is a possible solution.

It may be that Perez can undo miraculously all these trends that have grown during his government and begin a truly different period. I honestly hope he will, but I think it very unlikely.

[Reporter] The start of the solution you are proposing, namely, the president's resignation within the constitutional framework, has no support, as former President

Luis Herrera Campins stated. Would you say the same, that Venezuela's social and political forces do not support that proposal?

[Uslar] I do not know where Herrera gets his information. It is clear, however, that the country is experiencing a major crisis, where no solution can be or has been rejected. Predicting the course that the crisis will take depends largely on what will happen in the next three days. This crisis will not be settled in a week or 15 days. But, if in a week or 15 days no highly positive responses are given, chiefly concerning the government's attitude toward corruption, I greatly fear that the crisis will continue, with all its unpredictable consequences.

[Reporter] This may be secondary factor, but it is still a factor in this Venezuelan crisis, where so many problems are brewing. Is the maritime dispute with Colombia an important element of the crisis?

[Uslar] The dispute with Colombia is a permanent and constant problem throughout Colombian and Venezuelan relations. I do not believe that it is a decisive factor. To be sure, it is part of the whole picture, like all the rest. I do believe that the crux of the problem is political corruption, the government's inability to make democracy work, total inefficiency of public services, lack of leadership and understanding, and the failure to explain to the country what is being done.

[Reporter] Do you agree that on 6 March the Congress should grant amnesty to and pardon the military involved in the coup attempt, as some suggest?

[Uslar] That extreme measure is very difficult. I have no opinion on it, but I do believe that it would be rather hasty and immature for the Congress to grant amnesty all of a sudden without conducting an in-depth investigation of what happened. I do not believe that those soldiers should be treated as common criminals. They did not commit a crime for personal gain, to become rich or gain power. Deep down their actions constituted a response to an attitude in the country or a clamor by the nation. They felt they had to act as they did, which clearly was not the most advisable way or anything like it. Still, I feel that granting amnesty would be to take a step without a great deal of thought, reasoning, and consensus.

[Reporter] Considering that the crisis is so deep, chiefly on matters relating to corruption and justice, do you believe that a change of face, change in the government leadership, or a new Constitution will solve overnight a problem that really constitutes a cancer for many Latin American countries?

[Uslar] There is no magic formula. But, using all those options, and if the political parties sincerely—and the people certainly seem to fully agree with this—take the necessary steps to conduct an in-depth reform, I believe that Venezuelan democracy can survive, which is my wish. I believe the immense majority of Venezuelans,

and I am not excluding the Armed Forces, want Venezuela to live in a true democracy, but in a decent democracy, in a democracy with justice, a democracy where wrongdoers are punished, a democracy where the immense wealth that the Venezuelan state earns is invested in a visible manner for the progress and welfare of the people.

[Reporter] Corruption is the cultural medium in which all of Venezuela's evils have brewed. That is the opinion and analysis of writer Arturo Uslar Pietri. Thank you, Dr. Uslar Pietri, for this interview. We are sure we will continue to call you to analyze developments in our neighboring country.

Senator Tejera Speaks at Congressional Opening

PA0603010892 Caracas Radio and Television Networks in Spanish 1602 GMT 5 Mar 92

[Speech by Senator Enrique Tejera Paris at ceremony to inform President Perez of the opening of the ordinary session of Congress at Miraflores Palace in Caracas—live]

[Text] Mr. President of the Republic Carlos Andres Perez; Mr. Senate President Pedro Paris Montesinos; Mr. Former President [not further identified]; Mr. Luis Enrique Oberto, president of the Chamber of Deputies; His Excellency Cardinal Jose Ali Lebrun, Archbishop of Caracas; Senators; Deputies; Ladies and Gentlemen:

Mr. President, the Senate has entrusted me with the traditional task of informing you of the installation of the ordinary session of this body. That task includes making some comments on the work of the Congress of the Republic. During this legislature, legislative changes and breakthroughs have been made that have had a positive impact on the constitutional functioning of the Venezuelan nation. Included among them are the direct and separate elections for state governors and mayors, in which the voters elect individual nominees. This is complemented by the rigorous effort to achieve the political and administrative decentralization initiated by your government.

Enhancing these historic changes, the Congress of the Republic has just concluded studying and approving [words indistinct] the insistent demands by neighborhood organizations and the people in general; namely, the uninominal elections of two-thirds of the members of the councils. The solution that was found undoubtedly constitutes a satisfactory step forward because it brings the elected closer to the electorate while respecting the principles of proportional minority representation in the municipal councils. I must say this principle of proportional representation should not be applied to the municipal councils, and the Constitution specifically allows this.

In the Senate, we repeatedly stated the functions of councils are basically administrative. Therefore, councilmen should not be political activists but men and women who are chosen based on their capabilities as administrators of the municipality and promoters of

community and urban development. In this respect, we must recall that Dr. Gonzalo Barrios insisted during his 1968 presidential campaign that councils must not be politicized. For that reason, the effort to achieve consensus on the uninominal election of all the councilmen remains to be decided upon in the future.

The Congress of the Republic began with vigor a new and necessary wave of laws to regulate the market, which one wishes to develop as an essential part of the modernization of the economy. Examples of the laws approved are the consumer protection law and the law to ensure free competition or the law against monopolies. Many other laws, including treaties and loans, are lasting proof of this aspect of the congressional work.

In contrast to these and other major legislative achievements, we have the vicious campaign, which some individuals and persons have created and encouraged, against mass representation. This campaign, which has reached the point of insults and which derides the honest and serious persons who comprise the Congress of the Republic, is compounded by the sea of vehement accusations and criticisms that are also levied at the president and his government, the Supreme Court of Justice, the whole judicial branch, and, in general, the most diverse institutions.

The cruel and destabilizing campaign, instead of focusing on individual aspects, as could be done in a climate of sanity, seems to cover all Venezuelans. With rumors and mutual recriminations, we have become immersed in a tragically defeatist atmosphere, where flaws and problems characteristic of human nature that exist in all countries are attributed to Venezuela as if they were exclusive to it. All of us must admit we have made mistakes. To create respectability we must recognize and also show the desire to correct them.

We must replace mistrust and lack of self-esteem on the part of Venezuelans with an educational and permanent effort to regain confidence in ourselves and mutual respect. Let us not let [word indistinct] replace patriotism in Venezuela. Let us change the stress on the negative by recognizing every progress or work achieved. The Senate and the whole Congress has not only legislated, perhaps more feverishly than cautiously, but has also performed a silent and yet uniquely important job. Representing all the political trends, it has achieved communications and consensus, or at least mutual tolerance. That does not happen in many countries. Consensus and tolerance, dialogue among persons, parties, and public and private institutions, have prevented in this country all kinds of ills, even bloodshed, that afflict other countries.

This political coexistence, it must be said, is a reflection of the consensus that produced our Constitution of 1961. This most valuable document, which was signed by representatives of the most diverse trends, has regulated peaceful coexistence among Venezuelans for over 30

years. It has received the praise of professors and intellectuals at home and abroad. It is a true legislative jewel, but now it runs the risk of entering into a regressive process, of turning back, if we loose what Luis Pillarua today described as good judgment.

In effect, currently a sort of [word indistinct] conspires against what we believe is the inner nature of the people of Venezuelan: peaceful coexistence and moderation. Surprisingly, this is fostered not by impatience—characteristic of the young—but rather by people who should be vouching for the significant progress Venezuelan has made in the past 50 years. These people will have to contribute by proposing specific solutions. Although it can be said we have made a great deal of progress, [one and a half-minute of passage indistinct] to fill the void with high-sounding words, foreign figures of speech, and cheap insults.

Venezuela is blessed with a large number of newspapers in all its cities. I read their articles and editorials that reflect a high level of maturity. So it is not said that I am partial, I admire editorials in UNIVERSAL; the efforts made by Juan Lispano, or even the extraordinary [words indistinct] Zapata who resumes in two words the true [words indistinct]. I beg you, spare us from the [words indistinct] of every day places, from the speculations, and from the editorials those lovely television reporters feed us each time they see a hole in the street or when a piece of equipment is peacefully looted from a hospital.

I will now mention the contribution Congress can make within its legislative duties. I can guarantee you that in both chambers there is a firm determination to discuss immediately and urgently the updating of our Constitution. This is possible thanks to the work done by the bicameral commission chaired by Dr. Rafael Caldera. Congress will surely approve the possibility to quickly convoke a constituent assembly. Congress will surely study the position of a prime minister. Congress will also study other modifications that will be proposed, such as the action of impediment [accion de impedimento], holding popular referendums, revoking mandates, and congressional approval of the appointment of certain officials. Congress has approved the possibilities for directly electing most deputies, always respecting proportional representation of the minorities, as is wisely demanded by the Constitution. Other adjustments and changes could be made, both those proposed by the bicameral commission and those proposed by senators and deputies in the course of the debates.

Congress will pay special attention to the problems and their economic and financial legislation; to the credits to improve the living conditions of the majority living in conditions of poverty; and to the defense of the middle-class. Congress will stimulate the housing construction and ownership and will support all government programs against crime. Moreover, Congress should contribute to all measures that will reestablish a climate of

peaceful coexistence and social peace among Venezuelans, without ruling out clemency, which is the perfect complement to justice.

It is not the duty of the legislative branch to design government programs. It does have the constitutional power to review and approve them. We should recall, in light of the current turbulent situation, that our Constitution has a strong social structure and that planning is binding. Therein the economic measures recommended by foreign organizations should find their limitations. It is fitting to note our Constitution is not based on Manchesterism. Its objectives place the interests of the majority over the interests of the minorities, it respects human rights, and all this is aimed at procuring individual well-being above macroeconomic numbers.

Before I finish, I feel obliged to make these personal reflection because they are shared by many of my parliamentary colleagues and certainly many other people who are listening to me regardless of party affiliation. I have been voicing these concerns for many years: at the IMF while serving as Executive Director, at national or foreign universities, at the academy, or at the Senate. I will first refer to the post of prime minister. As Dr. Paris Montesinos said at his inaugural speech on 4 March, the prime minister must enjoy credibility and stability. A prime minister is not chosen to remove some of the administrative tasks from the president. That is a useful consequence, but not the main purpose of this radical constitutional amendment. The main objective, as we said a number of times, is to change the government without changing the state. The idea is to separate the state leadership represented by the president, in all his majesty, from the head of government, such as the post of prime minister, which carries with it parliamentary responsibilities.

Although the prime minister is chosen and appointed by the president, he can only be terminated by resignation or parliamentary decision. That solution has many meanings and Congress will discuss them. The credibility conditions demanded on 4 March by the Senate President should not be abandoned. Otherwise we risk constitutional dangers, which implies, such as in the United States, direct Senate impeachment of the president.

Other constitutional or legal institutions also require reforms. We must better regulate the internal operations and financing of our large political parties. Precisely because of their large size, political parties generate concern in individuals and minorities, who are afraid their voices will be silenced by the number of voices from the many Venezuelan parties. Even though many individuals and minorities do not become a majority, their voices deserve respect. Our parties should be restructured and Congress should take on the firm task of increasing political and ideological training for the people, who are politically advanced.

Public administration also requires restructuring and the acquisition once again of serenity, efficiency, and

national respect. The government must learn to take advantage of the right things at the right moment. The national machinery must run at cruising speed and not flat out until it wears out. Otherwise we will end up like those good Caracas policemen who try to direct traffic with a third arm because their first two are tied up with a radio and a thick traffic ticket book.

We have surpassed the magic figure of 20 million inhabitants. That is like population adulthood. That is the same size population France had when it conquered Europe. Spain colonized America with only seven million residents. Our health system raised life expectancy to 62 years from 35 years back in 1936. Our democracy built paved roads throughout the country and built the world's biggest dam. Our teachers are so numerous they make their ministry America's largest enterprise. Our nationalized oil companies are a giant example of good administration. Large enterprises and private entrepreneurs move tons of merchandise daily with undeniable management and administrative capacity. Millions of all sorts of workers maintain a vigorous economy despite the anxiety. Hundreds of thousands of high school students and all sorts of apprentices, relevant in world proportion and number, prepare to speed up our progress. The Caracas metropolitan railroad is recognized as efficient even by Caracas residents. We are proud to watch our civilized country's Armed Forces march with their martial and wide formations.

Mr. President, ladies and gentlemen; It is necessary to make Venezuela remember. Our own bad experience or that of others should not be repeated. From the top of a great number of accumulated years, I see not only nearly a century of history, but all the dead people of my generation and the previous ones, which with their honesty, sacrifice, work—some with extensive studies, others self-taught, all without fear—also march in formation bearing high their tools of work and liberty. Among the survivors, I take pride in being elected senator for the federal district.

I am from Caracas, from La Pastora, and in this great city, more than a few know me. I address them fraternally with the street language we all understand. I say to them: Show more respect. Show more respect for all the men and women in this country who with their government or private jobs support their children, who count their pennies, who do not envy the rich, and who are living victims of the daily mockery of sobriety and moderation. Show more respect for the Constitution and the laws, the sum of 1,000 years of civilization. Show more respect for institutions, from within and without, because they are the result of revolutions and the peace that follows, of the blend of candor and malice, of the ideas that create unrest, of words that confuse, and of facts that compensate. Show more respect for Venezuela, for Venezuelans, for our homeland, and for its defense.

We must not forget, nor should we allow anyone to forget that the main purpose of the Venezuelan Constitution, of the written Constitution as well as the biological and

social constitution of the Venezuelan people, is to attain equality: equality in the eyes of the law, equality of opportunity, of education, to receive food, personal security, health, clothing, housing, and retirement. Equality to attain group strength and defend Venezuela's interests in all areas. Let us not retrace the steps we have taken along the path of the Constitution.

With the faith of one who has sworn to abide by the Constitution I once again invoke the protection of God for peace and the active, tolerant coexistence of all Venezuelans.

I have in this manner fulfilled the duty given to me by the Senate. [applause]

Deputy Tarre Speaks

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in Spanish 1621 GMT 5 Mar 92

[Speech by Deputy Gustavo Tarre Briceno at ceremony to inform President Perez of the opening of the ordinary session of Congress at Miraflores Palace in Caracas—live]

[Text] Mr. President of the Republic, Mr. President of the National Congress, Mr. Luis Herrera Campins, former president, ministers, senators, deputies, ladies and gentlemen: Addressing the president of the Republic and the Supreme Court of Justice on the installation, opening, and closing of Congress has always been an opportunity for dialogue that confirms the principle of cooperation among powers stipulated in the Constitution. Here on 5 March, one month after the aborted 4 February coup, this dialogue assumes a new importance, demanding sincerity and honesty.

We have heard the cry of alarm raised about the crisis in our political system. On 27 February 1989 we saw the first signs of the disintegration of a public consensus. Hopelessness, pessimism, skepticism, and mistrust reappeared. The political leadership could defend itself only with force. That tragedy did not teach us anything. The second alarm sounded in December 1989, but again we refused to listen. At the time of the election of mayors and governors, an old hope of the people, over half the people did not vote. This was a double punishment. Voters punished the government by voting for the opposition. Half of the voters chastised the system by abstaining from voting. Again we drew no conclusions.

The third alarm sounded on 4 February 1992. According to the confession by the coupists, the attempted coup had been in the planning stages for years. The misguided ambition of a small group of officers was fed by the system's progressive loss of honesty. What seemed like the crazy adventure of a few reckless rebels quickly grew, attracting a large number of young officers and awakening the people so much that even the perpetrators were surprised.

Let us consider the crisis first. It is present in inflation, which has destroyed the workers' purchasing power. It is

present in unemployment, which brings not only hunger and misery but the loss of dignity. It can be seen in the rising crime rate which the police cannot control. It can be seen in farmers who refuse to plant because they do not know what will happen to their crops. It can be seen in the deplorable state of public services. It can be seen in rampant corruption, the illegal acquisition of wealth, embezzlement, and collusion, all of which have gone unpunished and represent a slap in the collective face of the nation. This all represents a loss of faith in leaders and parties.

In the second place, let us consider the loss of honesty. An old doctrine says honesty can be defined as the state's most important characteristic. It can be found among the population in the general consensus that obedience is maintained without resorting to force. Every government tries to gain the support of the people in order to be seen as legitimate. Cohesion has weakened so much in society that obedience is imperiled.

Within this context, 4 February marks Venezuela's history. The attempted coup reveals the failure of the Fixed Point democracy established in 1958. I am not saying we have wasted the past 34 years. However, many wise decisions have proven insufficient and many mistakes have remained unexplained. The unending crisis has led to the collapse of republican institutions. We are not dealing with isolated events, but with trends we have refused to examine. We have refused to look because it is hard to articulate these trends. They take place in a context that escapes easy definition. We continue as if nothing had happened and see a military coup as a way out. Does this argument justify or apologize for the coup? Not at all.

Corruption is not fought and opposed with more corruption, or by using the weapons of the Republic to crush its institutions. Our own history and the experience of our neighbors tell us military coups do not fix public services nor bring about justice or honesty. Coups only enclose us in the horrible circle of failures, protests, violence, repression, and more violence. There is no justification for a coup. There will never be a justification for a coup.

Had the coup succeeded, the country would now weep for the loss of freedom without being able to enjoy any of the so-called advantages contained in the simplistic formula the rebel officers offered our people. The coup, however, must be explained. The process leading to it must be analyzed. We must achieve something that could cause surprise among those listening to me.

Let us make the February coup and its failure into something useful. Useful to distinguish the separation between those in government and the governed, between those who are representatives and those who are represented. Useful to understand the total scope of this never ending crisis. Useful to admit that growth indicators, economic cycles, controlled variables, and reduced deficits are of little value if the people are hungry. Useful to appreciate

that economic successes compel us to improve distribution, so all can benefit from the progress. So we do not fall prey to the temptation to return to state populism. Useful for all to understand that the territory of the Republic cannot be negotiated, that the Gulf of Venezuela belongs to Venezuela, and the plans of our neighbors must crash against the righteousness of our claims. Useful to avoid falling into a soothing malaise or thinking calm has returned and things can once again be as before, as if nothing happened.

Useful to realize that the communication gap between leaders and people leads to irrational behavior. Useful to understand that many young Army officers with ideals and dreams preferred sacrificing those, preferred breaking their oath of loyalty to the Constitution to accepting an order weakened by corruption and injustice.

Hundreds of young officers were detained in Venezuelan military jails, many of them the best in their class. This number has been reduced to several dozen. They are soldiers who committed a tragic mistake by taking the wrong path. That mistake, those deaths that resulted from that mistake, could not be in vain. That mistake would not be in vain if through institutional means, respecting the law, and without additional bloodshed, a new republic—pure, healthy and just—emerged on 4 February.

For all these reasons, Mr. President, I come before you and say the process of amending the Constitution is about to get under way. We are set to create the Constituent Assembly and make other urgent changes that cannot be postponed. In a few weeks, the Congress of the Republic will approve this amendment. In the following days, the people will be called upon to ratify it through a referendum. If that is the decision, we will soon be electing the Constituent Assembly in a brief period.

What is the purpose? First of all, to recover the legitimacy of our institutions. The legitimacy that united critical political organizations has disappeared. The tacit social pact implying that whoever lived within our borders and did not express his disagreement accepted the legal order was broken by the mobs on 27 February, by the 1989 voting abstentions, and the banging pans a few nights ago in Caracas. We must build a new legitimacy, which not only involves political parties. We must open new doors to new communication channels, new forms of participation. We cannot offer one path to the Constituent Assembly, but must open options that will require great sacrifices from the parties. Failing to understand this reality could make the people feel deceived and believe that we are trying to disguise the old policy with new clothes, suppressing the sovereign will. Returning power to the people is the main objective of the steps we are about to take.

What else do we want? We want the Constituent Assembly to achieve what we—executive branch, senators, and deputies—have not achieved: establishing a just and impartial judicial system that will punish

equally the rich and poor, politicians and common citizens. We do not want to wait for a justice that never arrives, arrives too late, or is distorted and, therefore, is not justice.

The Constituent Assembly will end the mandate of the magistrates of the Supreme Court of Justice, thus heeding a clamor they have ignored. The Constituent Assembly will undoubtedly have the mandate of crushing corruption and eliminating the rhetoric that monopolizes and sterilizes political debate without achieving any results. We could now order the implementation of regulations to protect public patrimony, by which all government officials must explain the legal origin of their wealth, or go to jail.

We must end not only corruption, but also tolerance for corruption, which inevitably leads to corruption itself. Mr. President, we cannot wait for the Constituent Assembly, there is already much to do. The nation would not understand the need to quickly judge the officers who participated in the coup, while at the same time no one pays for the Differential Exchange System, the jeeps, Florida Cristal, and many other cases the public will not soon forget.

The assembly will design new methods for political participation, new methods for labor participation, and new methods so everyone can participate. This will enable us to end the system of privileges and oligarchies and facilitate a democratic expression of power consistent with the true meaning of the word.

The assembly will supervise and evaluate the work of the executive branch and resolve the possibility of shortening the presidential mandate, not as the aspiration of some civilian or military messiah but as the expression of the will of the Venezuelan people. The assembly will have to redesign the legislative branch, evaluating its actions over the past 34 years. The assembly will decide what the fate of Congress will be.

There is something that cannot wait. The legislative branch must pass the ethics code bill as soon as possible to prevent people with conflict of interests, or those who cannot explain the origin of their wealth, from sitting in Congress.

Mr. President, I also want to acknowledge the decision to appoint the Presidential Advisory Council, composed of distinguished Venezuelans who are rendering an extraordinary service to the country and whose recommendations we urge you to follow.

Mr. President, we democrats have a single advantage: The people share our democratic ideals. The people do not want dictatorships, even though they may sometimes be seduced by sirens. The future of Venezuela is not clear, but we have to find the least shaded paths. This does not allow us to be forgetful, to be accomplices, or to be silent. Let us be clear about what is to end and what is to begin. We are tired of too much imitation and too little talent.

This is a collective search. It is everyone's search in which we reject redeemers dressed in military uniforms and reject those claiming they have a monopoly on patriotism. We reject those who claim they have the monopoly on love for Venezuela.

Mr. President, let us remember what Jorge Luis Borges said: No one is the fatherland, we all are. This crystal clear, mysterious fire burns in my heart. Thank you very much. [applause]

President Perez Speaks

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[Speech by President Carlos Andres Perez at a ceremony informing him of the opening of the ordinary period of Congress at Miraflores Palace in Caracas—live]

[Text] Mr. President of the Senate, Mr. President of the Chamber of Deputies, Mr. Chairman and other members of the Senate Commission, Mr. Chairman and other members of the Chamber of Deputies Commission, Mr. Former President of the Republic [not further identified], Your Eminence Cardinal Lebrun, Mr. Attorney General, Mr. Comptroller, Messrs. Members of the Presidential Advisory Council, Messrs. Ministers, Messrs. Secretaries General of Political Parties, Messrs. Generals and Admirals of the High Military Command, Ladies and Gentlemen: I receive your announcement that the ordinary sessions of Congress in 1992 have begun. Dr. Enrique Tejera Paris, chairman of the Senate Commission, has expressed to us his profound and wise thoughts on Venezuela's reality at this significant moment in our nation's life. We also have heard a profound and accurate analysis of our country's situation, without rhetoric, by Deputy Gustavo Tarre Briceno, chairman of the Chamber of Deputies Commission.

I want to take this opportunity, when Congress formally informs the chief of state about the opening of its sessions, to address the country frankly and sincerely on the situation we are experiencing. I will talk about the crisis and about the measures that we will or should adopt. I know that the situation is uneasy and anxious. I have devoted most of my time to consulting and to listening. I am fully aware of what is occurring and of the concern existing in many sectors of society.

Recognizing the seriousness of the crisis unleashed by the 4 February coup plot and the urgent need to reestablish normalcy and confidence, I proposed to a group of prominent compatriots the formation of a Advisory Council to the Presidency of the Republic to make the recommendations that they felt were necessary. These are people who enjoy much popular support. On behalf of the country, I thank them for the mission they are fulfilling. They have the best and clearest patriotic spirit. On their own initiative and with my consent, they have undertaken consultations as they deem advisable. I have accepted their recommendations fully, and I am using

those recommendations to make the decisions and formulate the proposals that will mark the course of the second phase of my administration, which I begin today. To do otherwise would be the greatest mistake of my life and an abrogation of my responsibility as president.

I have reflected deeply on the depth of the crisis that has shaken us, and I am firmly determined to confront each of its manifestations and consequences. The crisis took shape gradually over a number of years in the heart of Venezuelan society. It exploded as a result of the shameful events of 4 February, when an attempt was made to carry out in Venezuela what I can assert will be the last coupist adventure, which did so much harm to the Venezuelan people and all of Latin America.

That attempt, as its perpetrators have confessed, had been brewing for a decade. This is a public confession that must be taken into consideration; you must know that the measures they implemented—good or bad—were not against this government. They deliberately planned to create a violent situation of which they could take advantage to attain power. The coupists had planned to take over and replace the Armed Forces with another type of armed body and to open tumultuous and inquisitorial courts against people they considered enemies. That is genuine proof that what had taken shape was a totalitarian and extremist ideology.

Let us think, fellow patriots, of what we would have had now if the uprising had succeeded, and especially of what we would not have had. The huge debate that allows us to discuss Venezuela's future would not be possible; the criticisms that are leveled against my government and the president of the Republic would not be possible; and the freedom of expression to say inconceivable things would not be allowed.

Reports of corruption would have ceased, and the country would have been sacked as it was during the era of Perez Jimenez. The 1992 gubernatorial and mayoral elections would not take place.

What would happen after that? There would be a period of silence and persecution during which only repression would prevail. Then a struggle for free elections, freedom of expression, and cessation of repression gradually would take shape. When the democratic forces triumphed again, you would have what we have today. We would return to the same point, followed by a long train of suffering, torture, and death. Our only satisfaction is that the firmness of democracy was tested. The National Armed Forces fulfilled and are fulfilling their duty. They crushed the 4 February coup attempt without any hesitation and reaffirmed that they are worthy of the respect and trust Venezuelans feel for them.

The rupture resulted from an ideological, antidemocratic infiltration. It was a deliberate attempt to destroy our society's democratic achievements. As Armed Forces commander in chief and representative of all Venezuelans, I express pride and gratitude for the institutional conduct of the Venezuelan soldiers and their democracy.

Accidents along the way, always embarrassing and unfortunate, have one virtue: They serve to demonstrate by contrast the strength and steadiness of those who do their duty.

Today the Armed Forces are the leading players in the fundamental action of defending democracy. That will remain forever in Venezuelan history. We cannot and must not forget the lessons of history. All who rise up against the will of peoples do so not in the name of their ambition, but in the name of great leaders. Once again, Bolivar's distinguished name has been used to conceal the coupists' infamy. That is what all dictatorships, in all eras, have done.

We must take advantage of this unfortunate event. The questions, complaints, and statements that have unfolded since the coup attempt show the crisis our society has been experiencing in its true dimensions. We must not deny this.

I am, as president of the Republic, the one who must lead us in solving the crisis. As a leader, I have turned my attention and concern toward dealing with the country's problems without pausing or resting. To you, men and women of Venezuela, I have devoted my efforts. But this dedication does not preclude my making mistakes and omissions. Full of the same determination with which I have progressed in life, I am willing to listen and to make the necessary corrections.

This must be a sign in the conduct of national leadership, of the government and the opposition, of the public and the private sectors. We have failed in advising the people of what we have done and why. I am aware of that. Even though I am aware that the educated man knows the measures we adopted were indispensable, the people feel they have not been compensated for the efforts and sacrifices they have made. In light of that, we adopted social measures like no other government in the history of Venezuela. But that is not enough, it has not been enough. I understand the discontent, and we will deal with it at its roots.

It is time to work hard and promote the country's overall development, in which economic and social policy are harmoniously complemented, in which technical requirements are ruled by the essential sense of democracy: social justice. With overall development in mind, we are going to strengthen the positive aspects of what we have done; correct, without arrogance, the mistakes we have made; and improve that which was not done properly.

The Presidential Advisory Council has recommended a number of measures that I accept with full responsibility, along with other measures the government has decided upon. I share fully and make my own the formal commitment of the political parties, which represent more than two-thirds of Congress, for an immediate constitutional reform with the following goals:

To increase the efficiency of the legislative branch as an instrument for the people to control public administration and as the organization responsible for approving laws that are indispensable to ensuring true pluralist participation in the selection of our legislators and an inclination toward a uninominal system in electoral procedures;

A political party law that will ensure internal democratization;

Laws aimed at ensuring that the rank and file will choose union leaders, and other similar measures;

Achieve a stronger presence and effective harmony of the executive branch with the people's aspirations. To attain this, the office of the prime minister will be created;

Create a judicial branch that will be independent of political parties and whose authority and efficiency is ensured by disciplinary mechanisms that will not harm its full autonomy from other government branches; and

Make changes in our police and jail systems that will ensure the effective struggle against crime and guarantee respect for human rights.

The people are not willing to accept little touches here and there and some make-work. They have asked for changes to the system, and the country wants to be a leader in this area. To do that, it is necessary to summon a national constituent assembly soon. This means turning over the overall solution of the crisis to the people, fully exercising popular sovereignty. According to political parties' consultations, members of the commission reviewing the Constitution, and the president of the Supreme Electoral Council, it is feasible to convene a constituent assembly shortly. For this purpose, the Constitution must be amended in accordance with Article 246. The Advisory Council has proposed that the constitutional reform bill be submitted to a referendum by May at the latest.

I also accept the responsibility to establish a national unity cabinet. I share the need to correct as soon as possible, with exemplary measures, the administrative corruption that has undermined our government institutions. Sentences must be served, even if they involve extradition requests. Likewise, we are attempting civilian action to compensate the country for damages caused that have been covered up by imposing sacrifices on our middle and poor classes.

Regarding the Supreme Court of Justice, the Advisory Council asked me to favor a specific measure: the appointment of five new magistrates this month. In other words, the Council asked me to replace one-third of the Court's members whose terms, according to a true legal interpretation, have expired. These five new magistrates should not be active in politics. Their designation by Congress should be the result of a careful consultation with organizations that represent civil society. They asked for the inclusion of other items in the

constitutional reforms that authorize or permit a complete reorganization of the judicial branch, without waiting for the terms of the current magistrates or judges to expire or for a constituent assembly. Also, they requested the establishment of the institution of referendum so the most important subjects in the public's mind can be settled by the people in an open, democratic consultation.

Since the approval of constitutional reforms must not wait, we must immediately set in motion the measures to restructure the judicial branch. To strongly and efficiently confront the struggle against corruption, I have decided that next week I will introduce the reforms to the judicial branch organic law for discussion at the Congress. The reforms were prepared by the Judgeship Council, the COPRE [Presidential Committee to Reform the State], and the president of the Supreme Court of Justice for the purpose of modernizing the institutional framework of the judicial branch, creating the jurisdiction of peace and, through temporary arrangements, incorporating brief, summarized procedures for the immediate dismissal of judges involved in irregularities and corruption.

Similarly, a proposal to partially amend the Supreme Court of Justice law will be presented to Congress. The proposal contemplates the eligibility of the Court's magistrates, the election of the magistrates by a qualified two-thirds majority of Congress, the incompatibility of political and judicial functions, and the creation of the federal room, which would add five new magistrates to the Court.

I intend to present to Congress a proposal to reform the central administration's organic law, which COPRE has been working on for several months, to create an adequate framework for handling the new complexities of the administration by reducing the number of ministries to nine. These are the measures we decided on in the economic and social areas, according to the Advisory Council's recommendations and executive branch deliberations.

On fiscal matters, we requested that Congress pass into law immediately a bill establishing a tax on luxury goods and services. To prevent delays in paying income taxes, the rate applicable to taxes not paid when due will be applied. For this, the Organic Tax Code requires amendment. Another aspect to be included in the reform of this code will deal with classifying tax evasion as a crime. A bill will be introduced to create a new tax on corporate assets, which will be deductible and will make the tax on capitalist sectors more equitable. We will request that Congress amend the current income tax law to establish a tax on the reassessment of corporate assets this year. The Finance Ministry will initiate an aggressive audit and collection plan to reduce tax evasion and collect income taxes when they are due.

Regarding finances, we will provide the support necessary so Congress, in its period of sessions starting today, can pass into law the general banking bill, the banking

superintendency bill, and the Central Bank of Venezuela bill. We will reorganize the National Securities Commission and the Banking Superintendent's Office to strengthen mechanisms to supervise and follow up financial institutions and market capital. All this is part of putting in order the securities market, checking speculation that leads to distortion, preventing tax fraud and the improper concentration of loans, and making financial operations clearer.

The measures to coordinate fiscal and monetary policies to reduce inflation will be strengthened. In this way, conditions will be created to promote an effective lowering of interest rates. This is a commitment to investors.

Regarding prices and rates, we are suspending the programmed increases in the price of gasoline. We are temporarily freezing electricity rates [applause] for the industrial, commercial, and residential sectors. There will be price stabilization for processed flour, rice, milk, pasta, and cooking oil. The prices of medicine will also be stabilized, [applause] and immediate and specific measures will be implemented to put generic medicine within reach of the population. The popular pharmacies program will be strengthened and expanded.

In the transportation area, a program will be implemented to purchase domestic and imported taxis. That will include exemption of duties and subsidies for down payments. An aggressive financing system will be established for the purchase of mass transportation units.

In housing, through the use of housing policy law resources, a program will be implemented to facilitate the purchase of housing by the middle class. A special program will be developed for housing in garrisons and for relatives of Armed Forces members. Wherever there is a shortage of garrison housing, a housing bond will be issued to the personnel who need it. This plan will initially be allocated 3 billion bolivares. The interest rate will be half that prevailing on the market.

Other urgent topics: The program to finance small businesses will be expanded. For this purpose, we will use 3 billion bolivares in resources from the privatization of public enterprises. The Gran Mariscal de Ayacucho Scholarship Program will be strengthened. The government will guarantee the necessary resources for this program. In the next few days I will sign the law that authorizes the reorganization of the Social Security Institute's insurance fund. In March, competitive examinations will be held to fill administrative positions at the country's customs posts. We will implement the necessary mechanisms to collect the liabilities the private sector owes the Republic, which are the result of the guarantees granted by the defunct Venezuelan Development Corporation and other decentralized institutions. The estimated sums involve more than \$500 million. We will carry out the necessary procedures for the effective determination of penal, civil, and administrative responsibilities in the bankruptcy of the Banco de Comercio and other financial institutions.

Venezuelan men and women, these measures are in response to the unrest the nation is experiencing these days. They mark a special moment. We have lived through a hard phase, filled with sacrifice. Another moment and another phase lie ahead. I am fully willing to listen to all proposals and recommendations. I am open to dialogue with all democratic segments of Venezuelan society. I am facing my responsibilities. I do not overestimate myself, but I am aware that I am the one who must lead the country in overcoming the crisis. The country has already heard my categorical and irreversible reply to the unprecedented request for my resignation as chief of state. I would be ashamed to even agree to think about abandoning my duties as president. I also know that this is not a task for one man alone, but the process needs initiative and leadership. Just as I fulfilled the responsibility of leading the defense of democracy early on the morning of 4 February, today I assume the responsibility of offering a positive image to my countrymen with the adoption of clear, positive, and specific measures.

We have said the economic crisis is the exemplary expression of a deep social, moral, and ethical crisis. We have not stopped for one instant promoting all the reforms and changes necessary to overcome the crisis. We know it is imperative that we modernize our democratic institutions and bring them nearer to the changes that have taken place in Venezuelan society over the past 33 years. We have not only been engaged in rhetoric. We have promoted the direct election of governors and mayors. In Congress, the election law reform has just been approved. Throughout the debate we were supporters of the uninominal system, the most complete and direct expression of popular participation. We view democracy as the right of all Venezuelans. That is why, when addressing these topics, we have acted with a broad and firm spirit of dialogue and agreement. We have expanded democracy, but we have not opened the channels of participation. We have expanded democracy, but we have not assumed the responsibilities its expansion entails. In the face of corruption, we are aware of the seriousness of that scourge, which threatens our society but which is not a type of curse on Venezuelan democracy.

We have asked that the charges of corruption be accurate and responsible. We have asked the media to be prudent in reporting the news. Irresponsible accusations, unjustified questioning, and the wicked sport of soiling the reputation of others represent equally abominable forms of corruption. As commander in chief of the Armed Forces, I fully assure you that the country's military situation is absolutely normal. There is no reason for alarm or concern. The country is at work with passion and optimism. Millions of Venezuelans have just enjoyed the carnival holidays without experiencing any problems.

My government continues to work on the plans we developed. As a result of the 4 February coup attempt, some people have attached too much seriousness to the political situation. Some want to make Venezuela unlivable. Some want to portray the country as being caught

in the unsurmountable quicksand of a crisis. The organized campaign of rumors wants to create the impression that Venezuela is ablaze, the government has disappeared from the scene, and there is a power vacuum that must be filled in any way. It would seem as if all the ills accumulated throughout history—not just during these past 33 years, because the ills afflicting democracy were largely generated during the dictatorial eras—were solely the responsibility of my government, and my own responsibility in some cases. We often forget the history of our country, and that undoubtedly is a mistake that could lead us to more mistakes. Let us reflect a little about our process. A foreign historian—a man well versed in the history of Venezuela—said that in the 19th century, our country only had 27 years of relative peace, and that from 1892 to 1900 there were six major uprisings and 437 military clashes. In the nine years preceding the arrival of Cipriano Castro to power, there were 23 war ministers, 25 interior relations ministers, 27 treasury ministers, and 33 development ministers. Those data, which the historian certainly obtained from the official gazette, teaches us about political instability and its consequences, which we must never suffer.

Cipriano Castro and Juan Vicente Gomez were born out this instability. The two of them filled 35 years of our history in this century. That is a period equivalent to the 35 years of democratic regimes that have seen seven heads—chosen by the people in very free elections—occupy the Miraflores Palace and succeed each other. Reflecting on our history and what democracy and freedom mean for our country, one cannot help but express outrage at seeing some prominent Venezuelans saying a coup is an acceptable solution when legitimate paths retain their full incomparable force. If there is one thing Venezuelans must show the world, it is precisely our democratic continuity, our political stability, and our recognized economic potential. The world looked upon us with confidence until 4 February when we were on the brink of denying ourselves. To restore that confidence in Venezuela represents an unavoidable commitment for everyone. To preserve the unrivaled values of democracy, I am summoning all Venezuelans of goodwill. I am not summoning them out of personal selfishness, but in the name of their and their country's permanent interests. I summon them, as I am deeply convinced there is no problem that cannot be resolved through dialogue, negotiation, and understanding. Venezuelan men and women, let us build hope for all the children of this land. Let us get to work. [applause]

Surveillance Heightened at San Carlos Garrison

PA0603164892 Madrid EFE in Spanish
1523 GMT 6 Mar 92

[Text] Caracas, 8 Mar (EFE)—It has been learned in Caracas that Venezuelan authorities heightened surveillance at the San Carlos Garrison, where the officers who headed the failed coup are being held, after shots were fired in the area during the early morning hours of 6 March. Soldiers surrounded the garrison to prevent

violence from taking place in light of the fact that Lieutenant Colonel Hugo Chavez, head of the failed 4 February coup, and other officers who also participated in the action are being held there. Military authorities have not issued a report identifying where the shots heard near the San Carlos Garrison came from or who fired them.

However, local political sectors are worried that a group of soldiers or civilians who support the coupists could attempt to free them, especially after last week's incident during which an Army lieutenant and four other persons entered Tiuna Fort in Caracas and stole 40 weapons. According to military sources, the group stole light automatic rifles, submachine guns, and ammunition. The soldier and his accomplices have not been arrested and the military is upset that they were able to evade security at Fort Tiuna, location of the Defense Ministry headquarters. They fear that a similar incident could take place at other military installations.

The status of the soldiers being held at the San Carlos Garrison has created tension at the garrison following the 2 March decision by the government of Venezuelan President Carlos Andres Perez to suspend visiting rights for the officers because of an article and photographs published in a local newspaper with statements by Chavez and other officers.

The authorities have announced that visiting rights for the officers will resume on 6 March. Meanwhile, some of the officers are continuing a hunger strike to protest the government's decision to suspend their visiting rights.

Penal Court Judge Luis Guillermo La Riva Lopez visited the prisoners and said they are in good health, even though some of them are on a hunger strike. Meanwhile, Defense Ministry spokespeople announced on 5 March that 25 more warrants for the arrest of soldiers have been issued, as well as 37 warrants for the arrest of officers and noncommissioned officers. The Second Permanent Military Court in Caracas has issued 147 arrest warrants since 4 February. The court also released 185 soldiers after determining that they were not involved in the coup attempt in which more than 1,000 soldiers participated.

Armed Forces Experiencing 'Dangerous Moment'

PA0503170992 Mexico City NOTIMEX
in Spanish 1456 GMT 5 Mar 92

[Text] Caracas, 5 Mar (NOTIMEX)—The local press on 5 March stated that future constitutional reforms, which will be subject to a referendum, must include mechanisms to allow the Armed Forces to voice opinions regarding civilian life.

The Venezuelan military, which is made up of the Army, Air Force, Navy, and National Guard, were banned from voting by the 1961 Constitution, which ascribes to them a "nondeliberative" role.

Donald Ramirez, president of the legislature's Defense Commission, feels the Constitution must include "a mechanism that will allow military sectors to express their opinions regarding the development of policies that directly affect the civilian world," according to the newspaper EL NACIONAL.

According to Article 246 of the Venezuelan Constitution, a reform must be approved by the vote of two-thirds of the legislators, and then be submitted to a referendum.

Former Defense Minister Hector Jurado dismissed the possibility of a civilian occupying this military position, as has been suggested over the past few days in newspaper commentaries, as one of many measures that could lead to the resolution of the current Venezuelan institutional crisis.

"To pluck someone out of nowhere at this point, as if by magic, would be a mistake, a leap into the unknown," Jurado said in statements to the newspaper EL GLOBO.

In the officer's opinion, the Armed Forces are undergoing a particularly "dangerous" moment. Every March internal tensions are unleashed because in July new commanders are selected for the four branches of the Armed Forces.

Traditionally on 5 July, Venezuela's national day, the defense minister and the top commanders are retired.

Dismissing the possibility of a new coup attempt, Jurado said the Armed Forces "were not made to govern. On the contrary, we are the government's armed branch," although many officers have knowledge "that certain civilians and politicians may lack."

Ramirez, a member of the opposition Christian Democratic Party, Copei, did not dismiss the possibility of renewed incidents over the next few days after the recent theft of dozens of weapons from Defense Ministry headquarters.

*** Coup Attempt Leaders Identified, Profiled**

*** Hugo Chavez Frias**

92SM0273A Caracas EL UNIVERSAL in Spanish
First Section 5 Feb 92 p 17

[Text] The leader of the military uprising spoke over television to his colleagues in Valencia and Maracaibo, telling them to surrender to avoid further bloodshed. He said that would be other opportunities and that the country must set a definitive course toward a better future. He called himself the leader of the Bolivarian Military Movement [Movimiento Militar Bolivariano].

At 1150 on 5 February Commander German Chavez Trias announced to the country over television the surrender of the subversive movement which he commanded in Caracas.

Then he called on his companions in arms who had joined him in this attempted coup d'etat to lay down their arms and surrender to the legitimately constituted authorities.

Following is the text of the statement made by Commander Chavez:

"In the first place I wish to say good morning to all of the people of Venezuela. The following message in the spirit of Simon Bolivar is directed to the brave soldiers who are part of the Movement of Parachutists of Aragua and of the Armored Brigade of Valencia.

"Unfortunately, comrades, for the time being the objectives which we sought were not achieved in the capital city. That is, we here in Caracas did not succeed in gaining control of the government. You did very well where you were. However, now it is time to avoid further bloodshed. Now it is time to reflect. And new opportunities will come up. The country must definitively set a course toward a better future. So listen to what I say, listen to Commander Chavez, who sends this message so that you will please reflect and lay down your arms.

"Because now, in fact, the objectives which we set out for ourselves at the national level are impossible for us to achieve.

"Comrades," he repeated, "listen to this message of solidarity. I appreciate your loyalty, I appreciate your courage, your unselfishness. And I, standing before the country and before you, assume responsibility for this military movement in the spirit of Simon Bolivar."

The message of the leader of the coup d'etat was issued at Miraflores Palace, the seat of the national government.

Who Is Hugo Chavez Frias?

In effect Lieutenant Colonel (Army) Hugo Chavez Frias, a young man 37 years old born in Trujillo, declared himself the leader of the rebellion before journalists. He issued a message to be heard by those present—including military officers—which was clear and full of substance, directed to "the valiant soldiers of Simon Bolivar," particularly those of the Armored Brigade in Valencia and of the "Jose Leonardo Chirinos" Regiment of Parachutists.

It was like a ceremonial occasion on the fifth floor of the Ministry of Defense, in the Salon of "General in Chief Simon Bolivar," outside the small room where Chavez was being held a prisoner. However, after all, it was expressed with the warmth of men at arms. Attending the ceremony at which the statement was issued were members of the Military High Command, including Vice Admiral Elias Rafael Daniels Hernandez, inspector general of the armed forces; Division General (Air Force) Ivan Dario Jimenez Sanchez; and other, senior officers of the military establishment.

No questions were asked of the rebel military officer. This was a platform for him to call on his companions in arms in the rebellion to reflect on what they were doing.

The rebellion still was going on in Valencia and Maracay. The only comments made prior to his remarks came from Vice Adm Daniels Hernandez, who asked the reporters to help by abstaining from asking questions.

Of course, no one dared to question the leader of the military rebellion. This was a condition to save face for Lt Col Chavez Frias.

In the group in the office at the Ministry of Defense it was stated that Commander Chavez, presently the commander of the Parachutist Battalion, whose headquarters are in Maracay, was one of the 11 majors who participated in the military coup d'etat put down in 1989, although this has not been admitted by the government. He had been a lieutenant colonel for barely two years and held a key position within the military establishment. He graduated in 1974 as a member of the "General in Chief Simon Bolivar" class at the Military Academy. According to some of his classmates, he is studious and reflective. They praised his actions as those of a man with deep, nationalist ideals.

Regarding his surrender, those who were placed in charge of him on 4 February stated that he was well treated. He was regarded as a respectable soldier, notwithstanding his having become involved in an act against the democratic system of the country. A colonel responsible for his custody stated: "He is deserving of respect, for he is a soldier."

According to information provided by the Ministry of Defense, other men implicated in the rebellion included Lt Col Francisco Javier Arias Cardenas, a 38 year old lawyer who belonged to the "General in Chief Jose Ignacio Pulido" class at the Military Academy. Until 4 February he was commander of Missile Artillery Group 103, whose headquarters are in Maracaibo. Also implicated were Miguel Ortiz Contreras, who was commander of the Army Tactical Unit, and Manuel Urdaneta Ribas and Joel Acosta Chirinos, assigned to the staff of the Armored Brigade in Valencia.

Other military leaders were on the list, but the Ministry of Defense was very cautious about mentioning names. The ministry stated that it was necessary to wait until a complete evaluation was made of the latest developments. However, what would be the first thing to be done with those detained?

A spokesman for the ministry stated: "For the moment the process of investigation is going on, and those who are guilty will be referred to the military courts."

* Fellow Soldiers

92SM0273B Caracas EL UNIVERSAL in Spanish
First Section 5 Feb 92 p 17

[Text] They called Lieutenant Colonel Hugo Chavez Frias "The Centaur of the Prairies." About two years ago, when General Carlos Julio Penaloza was commander of the Army, Commander Hugo Chavez Frias and another group of officers were under investigation.

For "Operation Bolivariana," as this most recent movement was called, Chavez Frias mobilized about 1,600 men, who came to Caracas in buses. Some 30 tanks of the Ayala Battalion were ordered to move to La Casona [presidential residence] and Miraflores Palace [presidential offices].

Hugo Chavez Frias graduated in 1975 from the Military Academy as a member of the Bolivar 2 class. He is 38 years old and was born in Barinas. He attended primary school and also obtained his baccalaureate certificate in Barinas.

He is 1.8 meters tall, an extrovert with dreams of being a hero. They used to call him "The Centaur of the Plains." He graduated first in his class and likes poetry. He plays the harp, the guitar, and the maraca with equal skill. He is married and has two children.

About two years ago, when Gen Carlos Julio Penaloza was commander of the Army, Chavez Frias, together with Acosta Chirinos, Ortiz Contreras, and Arias Cardenas, were under investigation. Chavez Frias was sent to Maracay as commander of the Battalion of Parachutists. The other officers were given other assignments.

For "Operation Bolivariana," as the members of the military uprising called it, Commander Chavez Frias mobilized two battalions of troops. About 1,600 men came to Caracas. This time the parachutists did not drop down from the sky. They rode in military and privately owned buses until they arrived at Fort Tiuna and then moved to Miraflores Palace and La Casona.

Other Officers Who Participated

Other officers who participated in the rebellion were identified as Ortiz Contreras, born in San Cristobal, State of Tachira. He is short of stature and is also a member of the Bolivar 2 class at the Military Academy. His comrades gave him the nickname of "Chiguiza" [bread basket]. He was a close friend of Manuel Urdaneta Hernandez and Acosta Chirinos. Both of them had attended courses at the Higher Army School.

They had served in Nicaragua as members of the UN Force, as Chavez Frias did.

It was Manuel Urdaneta Hernandez who took over the residence of the Parish of El Valle for a few hours on 27 February. Although he was critical of corruption, he always said that he was a defender of the political system. Nevertheless, he said that he was disillusioned with the course which the country had followed for the past few years.

Joel Acosta Chirinos, who was born in Falcon, is 37 years old. His military career is similar to that of the two officers mentioned previously. He was given the nickname of "El Chivo" [The Kid].

An officer who was a classmate of Chavez Frias, identified him as a young leader among the various classes of the Military Academy, in which he was his sponsor.

Chavez Frias used to call his students, "My Centaurs." He encouraged them, spoke to them of the role of the military, and always had followers.

Nevertheless, he once called any attempt to stage a coup d'etat "an act of madness."

The Tanks of the Ayala Battalion

The tanks of the Ayala Battalion are called dragons. About 30 of these vehicles were ordered to move against La Casona and Miraflores Palace, after the rebels had captured the commander of the battalion, who remained loyal to the democratic government.

The same tanks of the same Ayala Battalion moved out to capture La Vineta and the Ministry of the Interior at the end of 1988. Then the minister of the interior was acting president of the Republic. President Lusinchí was in Uruguay at the time. The tanks of this battalion have 90 mm guns.

Loyal Officers

Lt Col Bradley Quintero Contreras, commander of the Bolivar Battalion in Caracas, held out against the coup d'etat at the Ministry of Defense. He was born in Caracas and graduated from the Military Academy in 1976 as a member of the "Francisco Carabano" class. He had completed a course of general staff training at the Army School.

Meanwhile, Comandante Luciano Bacallao Bonchavert was holding out against the rebels at La Casona.

Bacallao Bonchavert had been aide de camp of the wife of the president. She had asked that he be assigned to La Casona in 1989. He never hesitated in his resistance, until he succeeded in preventing the attackers from taking over the presidential mansion, as was their demand up to the end. He forced them to surrender shortly after 0200 on 5 February.

* Former Army Commander Chronicles Coup Activity

92SM0275A Caracas EL NACIONAL in Spanish
5 Feb 92 Section D p 1

[Article by Jesus Eduardo Brando]

[Text] The four commanders arrested and accused of the failed coup attempt against the constitutional government were involved in another unsuccessful uprising, known as "the night of the tanks", that attempted to overthrow expresident Jaime Lusinchí, according to investigations conducted by the Army Command during the tenure of General Carlos Julio Penaloza Zambrano.

On the night of October 29, 1988, 24 Cascabel tanks left Fort Tiuna to besiege the presidential residence, La Vineta, where they tried to capture acting president Simon Aleberto Consalvi. They also occupied the area

around the Ministry of Foreign Affairs at the corner of the Carmelitas, the Central Bank of Venezuela, Miraflores, and the White Palace.

The news was communicated telephonically to then President Jaime Lusinchi who was in Uruguay at a meeting of the Group of Eight. In a few hours the insurrection was aborted and the presumed ring leader arrested, Major Jose Domingo Soler Zambrano, duty officer that night at Conejo Blanco, who said he had received a phone call from someone who identified himself as General Juan Jose Bastardo Velasquez, then chief of staff of the Army, and who gave Soler an emergency code ordering the mobilization.

On that occasion, with General Jose Maria Troconis Peraza as Army commander, 11 Army majors were investigated. Only Soler Zambrano was arrested, tried and, soon after, retired. The other officers were dispersed and assigned to scattered commands.

A Prussian Officer

General Penalzoa Zambrano recounts that, in July 1984, he was promoted to brigadier general and appointed director of the Venezuelan Military Academy whose faculty included the best qualified officers of the Army, among them captain Hugo Rafael Chavez Frias, member of the Simon Bolivar class (1975-76), who at that time was commander of the military course (cadets close to graduation).

Shortly, the fathers of two cadets requested a meeting with General Penalzoa Zambrano to express their concern and surprise that, as the military is nonpolitical, their sons told them of frequent talks and speeches by Chavez Frias about a military takeover being the only remedy for the deterioration of the country.

Penalzoa Zambrano requested that the Army Command transfer Chavez Frias, who was sent to a distant posting, near Elorza (Apure). In 1987 General Penalzoa Zambrano was at the head of the Armed Forces Unified Command (UFAN) and knows of an incident reported by a second lieutenant who had served under Chavez Frias, and of his exhortation to join an insurrectional movement that had not as yet fixed a date, under the oath "if necessary you will kill your commander". The incident was communicated to the Army Command and to the DIM [Military Intelligence Directorate], but apparently nothing was done about it.

The fact is that 1988, Penalzoa Zambrano by then had been promoted to Army chief of staff, was when the tank mobilization took place and the investigations revealed that then Major Chavez Frias, although not a member of that unit, frequently visited the Ayala Armored Battalion and that he was there on the day of the mobilization.

February 27

In July 1989 Penalzoa Zambrano was commander of the Army and he recounts that, after the social rebellion

known as February 27, pamphlets printed by "Los Bolivarianos" began to circulate in military installations, in which the minister of Defense, Filmo Lopez Uzcategui, Army commander Penalzoa Zambrano and other military leaders were attacked and called bums and corrupt. The pamphlets carried a common theme which spoke of taking power in order to wash away with blood what the politicians and military had done to the country, bringing it to its present state of prostration. The pamphlets even spoke of taking them prisoner and bringing them to the university stadium to be shot.

With all this it is worth pointing out that Chavez Frias had been promoted to major as first of his class. But events were now reaching a critical point. Through another second lieutenant it became known that a conspiracy was under way which involved retired officers, one of them an attorney with a law office called "Los Bolivarianos", in Cabimas (Zulia), who contacted possible candidates still using the watchword "if necessary you will kill your commander", this time referring to the commander of the First Infantry Division, General Fernando Ochoa Antich.

Shortly thereafter, the Army high command obtained a copy of the operational plan which contemplated a coup at the end of 1989, after the separate elections and conditioned by the abstention level as evidence of rejection of the democratic system, or in February 1990, given the possibility of disorders on the commemoration of the anniversary of February 27.

The order to execute the plan was set for December 7, taking advantage of a trip that president Perez was taking to extend Christmas greetings to the provincial garrisons, while Minister of Interior Alejandro Izaguirre, representing the chief of state, attended a ceremony at the Military Academy where he was to have been seized and executed together with other senior military leaders.

The day before, general Penalzoa brought the situation to the attention of president Perez and Ministers Izaguirre and Lopez Uzcategui, who believed that there was sufficient evidence of a conspiracy. On that occasion, Penalzoa Zambrano recommended the arrest of Major Chavez Frias and his followers, Majors Jesus Miguel Ortiz Contreras and Francisco Arias Cardenas. There was not sufficient evidence on which legally to base the accusation and the plotters were again transferred.

The Plan's Last Phase

In July 1990 it was time for the class to which the plotters belonged to take the General Staff Course, and the choice presented itself as to whether to separate them from the class or include them. The latter course was decided, but under strict surveillance. While the plotters showed no signs of insubordination during that period they apparently established contact with retired officers. In July 1991 they completed the course and were promoted to lieutenant colonel.

Two of them were appointed commanders of paratroop battalions (Chavez Frias and Ortiz Contreras) and the other (Arias Cardenas) commander of light infantry in Chaguaramal (between Miranda and Guarico). The fourth commander for now, the length of his complicity has not yet been determined, is Francisco Urdaneta Rivas, who studied at the Universidad Javeriana in Bogota, Colombia.

The plan was reactivated in January 1992 and again the approaching commemoration of February 27 was awaited, this time taking as an additional indicator of the people's discontent, president Perez' drop in popularity, as reflected by the Gaither survey.

Information about the plot reached General Penaloza Zambrano on January 20, and the general met with two top leaders of the Democratic Action party to bring them up to date on events and to have them inform President Perez.

Excommander Penaloza Zambrano believes that on this occasion, contrary to what happened in February 1989, president Perez handled the crisis effectively. "Although that does not obviate the seriousness of the situation in which we all lost, the country, democracy, the Armed Forces and the Army. Let us hope that this military upheaval serves a purpose, because if the situation does not improve, if the galloping corruption continues, we run the risk of a third civil-military upheaval."

* Commentary Explores Reasons for Coup Attempt

92SM0259A Santa Fe de Bogota SEMANA
in Spanish 11 Feb 92 pp 50-51

[Text] The shooting did not even last a day, but the repercussions of the failed attempt to oust President Carlos Andres Perez and overthrow his democratic government could affect Venezuela for a long time. The questions that must be answered now are what happened and why, and what needs to be done to make sure that no one will ever again try to install a dictatorial regime in the nation which was the cradle of Simon Bolivar.

President Perez praised the young soldiers and other loyal officers who died defending his government as heroes "whom a grateful nation will always remember." But the bitter truth is that none of these young people should have died. Two weeks before the tanks and paratroop units attacked the Presidential Palace in Miraflores and the residence in La Casona, an informer told Major General Carlos Julio Penaloza (retired), who had been commander of the Venezuelan Army until June 1990, that there would be a coup in February.

This information was passed on to Ministry of Defense officials and two high ranking people in the Democratic Action [AD] government party. Penaloza had been following the careers of the conspirators since 1984, and had repeatedly warned the Defense Ministry and other government officials of the danger they posed to Venezuelan democracy. Although a number of investigations

were conducted, none showed any proof of conspiracy on the part of those now involved.

The identities of the majority of the coup leaders were also known to the military authorities, for in November 1989 the Army Intelligence Division obtained a copy of a detailed plan to overthrow the government and assassinate the president and the then interior minister, Alejandro Izaguirre. However, nothing was done; the rebels attempted their coup, and now many Venezuelan families are mourning their lost sons. If the rebels deserve a lengthy stay in prison for their treason, the officers, government officials and AD politicians who knew of the imminence of the plot also deserve to be tried and punished, for they did nothing to avert this uprising.

The coup attempt began simultaneously in the cities of Caracas, Valencia, Maracay, and Maracaibo, shortly after midnight on Monday, 4 February. Several thousand soldiers in armored battalions and paratroop units of the Venezuelan Army took part in it. In Caracas and Valencia the rebels were also supported by some civilians, mostly university students who wanted to take part in a coup whose primary objective was to put an end to democratic order and to set up a civilian-military government junta to "save" Venezuela.

In a communique addressed to the nation from the city of Maracaibo, the rebel soliders justified their action as an initiative inspired by the ideas of the Liberator, Simon Bolivar. They called upon "all students and workers, intellectuals, the Church, and free men who have dreams and are prepared to take part in rebuilding Venezuela. We have no lust for power. We are not seeking a military dictatorship."

The uprising was planned by a group of lieutenant colonels, majors, and captains, all first-class professional soldiers under 40. Their minds had become infected by the conviction that they were better than other people in Venezuelan society, and that the civilian leaders of their nation were stupid, corrupt and responsible for the crisis from which Venezuela has been suffering for years.

All the conspirators were in the Army. No Air Force or National Guard officers were involved. At least 12 battalions—10 percent of the Venezuelan Army's 120 battalions—took part in the failed coup. The chief coup leaders were Lieutenant Colonels Hugo Chavez Frias, Miguel Ortiz Contreras, Francisco Arias Cardenas, and Francisco Urdaneta Rivas. Part of the group's influence was leftist and part followed a rightist line, but all its members shared the conviction that their "Bolivarian duty" was to rescue Venezuela from its corrupt political leaders and repair the tainted honor of the nation, and that this could only be done through a bloodbath.

Their first objective was to assassinate President Perez and assume power, but his death would only have been the start. Once in power, the rebels intended to conduct summary executions of any politician they might get hold of. The list of candidates for execution would certainly also have included trade union and business

leaders and other members of the nation's traditional elites. The "honor" of Venezuela was to be restored through a bloody ritual.

It is not clear why the armed forces and the government did not react two weeks ago. One causative factor may have been overconfidence in the loyalty of the military and the renown of Venezuelan democracy. Venezuelans have been muttering about a coup for years, as a way to "clean out" the political stables which are plagued by corruption, but very few people believed that tanks might actually one day surround the Presidential Palace in Miraflores.

Another possible reason is that the two top Democratic Action leaders who were informed about the imminence of the coup did not believe what they were told, or perhaps they decided not to say anything, hoping that Perez would be forced by events to "correct" an economic program which the government party had opposed since early 1989.

A third possibility which might explain why nothing was done to avert the uprising is related to General Penaloza's personal credibility, and the antipathy which persists against him for exposing fraudulent weapons and ammunition purchases by defense ministry officials. This ultimately led to the resignation of the president's director of personal security, Orlando Garcia, and left a shadow of uncertainty after the retirement of the then defense minister, Hector Jurado Toro. The Venezuelan military have always detested any officer who washes his dirty laundry in public.

Even though former President Rafael Caldera took this opportunity to attack the economic adjustment program in Congress, the rebels were not trying to turn the clock back and "correct" the Perez administration's policies. Their coup was an attack against the corruption, waste, and disorder which have come to characterize Venezuela's political system.

Could it happen again? Never, say President Perez and his defense minister. But the truth is that it could happen again if Venezuela's political leaders do not change their behavior and act more aggressively to reform the economic, political, and judicial system.

This means that the institutional reforms which the political parties deliberately postponed must be carried out rapidly; that the judicial, political, and electoral systems must also be reformed quickly; that the tradition of widespread corruption without punishment of any sort must come to an end; that the practice of making unfounded and false accusations in order to undermine political opponents must cease; and that the grave social crisis afflicting over 60 percent of the Venezuelan people must be dealt with urgently.

As long as oil maintained an illusion of inexhaustible wealth in Venezuela, the armed forces could be kept conveniently tranquil, just as other sectors were politically controlled, through the state's economic largesse.

But those days are over now, and better ways of dealing with and satisfying the nation's real needs must be developed.

Still, the damage caused by those lieutenant colonels could affect Venezuela for years. The principal drawing card which Venezuela offered to foreign investment was the stability of its 34-year-old democracy. Unfortunately, that stability can no longer be taken for granted.

* Air Force General Describes La Carlota Attack

92SM0277A Caracas EL UNIVERSAL in Spanish
Section 1 6 Feb 92 p 12

[Report on press statements made by Air Force Commander and Division General Eutimio Fuguet Borregales, by Wildfredo Mejias Zerpa and Jose Ramon Dias; place and date not given]

[Text] In the view of Air Force Commander and Division General Eutimio Fuguet Borregales, the F-16 jet flights over Caracas, Maracay, Valencia and Maracaibo turned out to be decisive in forcing the rebels to understand that without the Air Force's backing their possibilities of triumph were very remote.

The senior Air Force official was held more than 11 hours by the coup participants who took over the La Carlota military installation. Yesterday he disclosed that he entered the air base between 0015 and 0020 on Tuesday the 4th, at almost the same time as the irregular forces.

At first, General Fuguet very politely refused to make a press statement, because during such times he had to be very cautious about what he said, and also because he had to request authorization from Defense Minister Fernando Ochoa Antich. The reporters spoke with the Defense Minister, who responded, "No problem, General Fuguet may speak."

General Fuguet Speaks

At 2200, he recounted, he met with the Air Force high command. He called on all the air bases in the country to take precautions. He would never have thought, he said, that members of the FAN [National Armed Forces], who are guarantors of democracy and respectful of the laws, respected throughout the world and even custodians of democracy in America, would do something like this.

"After the meeting with the high command, I retired to my house. At about 0015 the Defense Minister called me and informed me that there had been an insubordination attempt at Mara Fort, and that some tanks were heading toward Maracay and Maracaibo. I then spoke with the Mirage Group commander and we prepared the jets against the column's movement."

"How did you get to La Carlota?"

"I arrived at the base driving myself, with no escorts or bodyguards, since I had no time to get them, and within five minutes, on the main thoroughfare, I ran into the

rebels. Then when I was parking in front of the general command, five paratroopers aimed their weapons at me, one of them an anti-tank grenade launcher. I identified myself, 'I am the Air Force commander,' and surrendered my weapon.

"They held me some 20 minutes in the offices of the command building, and then took me to the FAV [Venezuelan Armed Forces] casino, which had also been taken. But they could not take the Presidential Group, since a captain there had disarmed 15 rebel soldiers one by one, and had taken up combat with their weapons, and that directed the Bolivar Battalion, which was approaching us in a 'clean-up' operation. I had kept everyone informed, from the president on down, as to the progress of events through a cellular telephone that no one had noticed, but at the end of the assault they took it from me."

The Air Force commanding general called on the soldiers and officers to abandon the coup, that it was anti-democratic and against the law. That they would lose their careers, that they would die under fire from their brothers on the force.

"I offered to help them leave the country, with the president's approval. They asked for guarantees, and I gave them. I am a Falconian and I keep my promises, I told them. Commander Acosta Chirinos came up to me and asked me to guarantee them a fair trial and care for his wife and children. He assumed we intended to kill them. How on earth could that boy have thought we were going to kill them? But no; we promised to respect their physical integrity, their lives, and we did. They were not mistreated nor will they be...."

According the Air Force commander, the La Carlota operations were directed by Lieutenant Joel Acosta Chirinos, commander of the Chirinos Paratrooper Battalion, with 16 officers and 280 soldiers. "They very respectful of me at all times, as the supreme commander of the Air Force. We simply maintained discipline and they indicated their motives for the coup, which I rebutted every time."

The rebels arrived by surprise. Some 280 men, under the command of just a few officers, took La Carlota Air Base....

"It was a commando group who we assume entered from the north side of the base. After that, who would offer resistance against men carrying anti-tank grenades? Being held hostage, the situation was not easy. From that point on, many things depended upon the circumstances, apart from the fact that at no time did the officers and lieutenant colonels show any lack of respect in their treatment of me. Always respect for my rank and my person. 'My general: We will tell you soon...'; 'My general: We only want a different government; we do not want to destroy anything....' They were boys with clear convictions in their ideas, but they undoubtedly did not have, nor do they have, nor will they have my support. They will never have it. But they seemed clear in their

intentions. A lieutenant colonel, Joel Acosta Chirinos, who is a young Falconian officer like myself, directed the operation."

"What did you tell them?"

"I told them that their so-called 'revolution' was not going to work. I also told them, 'Boys, look at the TV, at the president speaking. Look at him live, look at those airplanes flying, go to Miraflores, to La Casona, and you will come to realize you have no support. The planes are flying because they are not on your side; they are in favor of democracy, of us, of the institutional system and the Constitution and law; go to the control tower and ask them what side they are on...."

General Fuguet Borregales recounts the story with a great deal of emotion. In his view, one officer, Joel Acosta Chirinos himself, burned a cassette containing a statement when the young rebels saw that troops had been taken out and arrested in Valencia, Maracay, Maracaibo, and even here in La Carlota itself, and that they had taken neither Miraflores nor La Casona. It was an VHS audiovisual tape, on which they had even already recorded even a list of cabinet members.

"I could not get the names of that supposed cabinet, but I imagine it existed as a dream of theirs."

"Were there any civilians involved in the assault on the air base?"

"I saw no civilians. In any case, it was tightly concentrated, but one could move about the area with a certain facility."

"So then they entered easily?"

"No. What happened is that paratroopers are highly trained, intelligent, clever, and to detain them one needs people precisely like them. They are specialized in those tasks."

"What would have happened if the soldiers had been Colombian? Because you have spoken often of the Gulf of Venezuela."

"Well...we would have thrown stones, sticks, and whatever else we had at hand. But to kill a Venezuelan, to fire at him, one would have to think about it, and even more so if he were a soldier in uniform and with the tricolor flag. In any case those paratroop officers were wrong and will no longer do anything."

"But then why did they take that action?"

"That was promoted by military men who thought they could easily change the world, but to my mind that is for high psychiatry. We should send them to specialists. We cannot change the world that way, without a strong foundation. That is something for strong convictions, unified thinking, homogenous efforts. But unfortunately for them the movement had no support from the National Armed Forces. They were people who deceived the soldiers, and that is very clear."

General Fuguet Borregales does not believe in such "heat treatment" to correct democracy, its imperfections. And the boys who were caught want a heat treatment, he repeats.

"The soldiers were deceived, but the officers need psychiatrists. I can also state that the soldiers are brave, yes, because at the moment of truth they faced the danger. That happened, but now I am certain that they are reflecting on this: 'Why did I do that against democracy? I didn't know I was participating in a coup d'etat.'"

General Fuguet Boregales does not much believe they had the idea of "hanging the generals."

"If that were the idea, well...I don't know. I think that ideas were conflicting with ideas."

"General, how many casualties were there at La Carlota?"

"There were casualties on both sides. On our side, a soldier from the Air Force that we buried this afternoon and a captain who was wounded in the ankle. On the side of the rebel troops there were two soldiers killed, but I do not have exact confirmation, in addition to an officer and two soldiers from the Bolivar Battalion who were part of those sent to retake the base. But thank God those kids understood what was incorrect and erroneous in their behavior, heard our warnings and dropped their weapons to avoid more bloodshed."

General Fuguet recounted how when the rebels surrendered, it was found that they were comprised of 16 officers and 280 soldiers, and that certainly the weapons that were recaptured and which were delivered to our Army were sufficient to destroy the military base and many other installations.

A Decisive Action

The Air Force general, visibly tired, spoke of the decisive action ordered by the military high command, which ended in the surrender of the armed troops caught bearing weapons against the government and the democratic system.

In his opinion, the F-16 flights over Caracas, Maracay, Valencia, and Maracaibo were decisive in getting the rebels to understand that without the backing of the Air Force, they had no chance.

"General, it is said that the high military command and the president of the Republic were informed of the rebel movements, and even former Army Commander and Division General Carlos Julio Penalzoa, retired, made references to that effect on television."

"Caramba, I did not hear General Penalzoa's statements and I have now asked to hear them, because it seems they would be very interesting. I would not be able to assure you of anything in that respect, but even so, President Perez has no reason to know the internal conduct of every officer, such as the case of those accused of being the heads of the military insurrection, which is one of the duties of the commanding general of the forces."

"Did this military coup catch you by surprise?"

"No. We had information about a coup attempt, but think, a coup d'etat in our country is not an issue that often occurs to us. Even so, we took preventive measures for cases like this and the actions were so efficient that they could not take the Libertador base in Palo Negro. And that was one of the principal objectives of the rebels. They succeeded in taking La Carlota because it is a base used to bring in airplanes, personnel, and logistical support to Caracas and for that reason deployed an entire battalion under the command of a lieutenant colonel, but the coup did not work for them, fortunately."

Intellectual Civilian Authors?

In asking General Fuguet Borregales whether civilians were the intellectual authors of the coup, he responded that to determine that would be the responsibility of the security forces. Nevertheless, the officer noted that he had asked one of the rebel officers what they hoped to gain with the coup, what political leanings they had, and that officer responded that it was a nationalist, Bolivarian, and democratic coup.

"I also asked him who he was going to designate president of the Republic and the officer told me that in due course it would be disclosed on the radio and television stations. I understood that an officer and 110 red berets took over Venezolana de Television with a beta or VHS tape, but that for technical reasons they could not get on the air. I also understand that when they realized they were lost, the officer burned the tape, and there went the secret that will now have to be clarified. In the investigation process they will have to face the law, because such a crime cannot be condoned."

"But is there discontent within the Armed Forces?"

"If there were malcontents in the Armed Forces, they would have already seen the general response. There was no response from the Armed Forces as a whole, but rather from a minute group among them, and God knows what they had in their heads to carry out that action." General Fuguet grasped his command baton and got ready to abandon the installations of the Honor Guard, in front of Miraflores Palace.

* Treatment of Chavez, Other Prisoners Described

92SM0274A Caracas EL NACIONAL in Spanish
Section D 6 Feb 92 p 1

[Report by Jesus Romero Anselmi]

[Text] The telephones rang constantly at the San Carlos Barracks between 1000 and 1400. All of the callers asked about the fate of Commander Hugo Rafael Chavez Frias. In the street there were widespread rumors that the leader of the 4 February rebellion had committed suicide.

Among the first to call were the deputy defense minister, the director of the Military Intelligence Directorate (DIM), General Jose de la Cruz Pineda, and several

congressmen who had heard the report that the defense minister himself later denied.

The pressure created by the rumor led to a special concession for Commander Chavez: he was allowed to phone his relatives even though all of the officers arrested in the wake of the insurrection were being held incommunicado.

From 1200 to 1700 there was a standing promise that General Fernando Ochoa Antich would come and meet with the officers being held at San Carlos. Rented chairs for celebrations were even brought to the barracks to accommodate slightly more than 100 arrested officers so that they could meet with the minister in the main room of the aging facility.

The meeting had been agreed upon that morning, when the minister's schedule had been changed as a result of the funeral services for those who had fallen in defense of Miraflores Palace on early Tuesday morning.

While the wait for General Ochoa Antich continued, relatives of the detained officers began marching in, first in small and later in large numbers. They were able to bring them some personal effects, uniforms, and even letters and pocket money. The commissioned and non-commissioned officers attending the visitors, who could not go beyond the guardhouse, were especially flexible and respectful. The relatives did not even have to show identification documents. Their word was enough.

Senior officers said "Commander, please..." to the fathers of several detainees.

Chavez Hangs Tough

Former Army Commander Carlos Julio Penalzoza Zambrano's description of Chavez as "an excellent troop officer with a Prussian style" was borne out yesterday at San Carlos Barracks.

The lieutenant colonel hunkered down for almost two hours when a commission from the DIM showed up at the armed forces prison facility.

At 1600, the futile wait for the defense minister's visit and the coming and going of relatives were interrupted by a caravan of DIM members (military and civilian) headed by a colonel.

This delegation had obviously not been expected, and the arrival of several motorcycles, two rustic station wagons, and a minibus prompted nervousness. The officers in charge of the barracks first opened the doors hastily, given the lengthy wait for the defense minister, but when they realized that it was not the minister's party, they ordered them closed immediately. A conversation between two colonels dispelled the nervousness in a matter of minutes.

The mission of the DIM delegation was to take the rebel commander to DIM headquarters for interrogation, but

as time passed, the performance of this task created a tense scene. "Chavez refuses; he wants the minister to come here."

Almost an hour later and with the delegation getting nowhere, an officer drove up in a private car and was allowed in immediately. It was learned that he was a judge advocate who was apparently there to give the prisoner additional guarantees.

The judge advocate's mediation also met with resistance. Finally, the director of military intelligence himself, General Pineda, arrived and managed to get Commander Chavez to accept the invitation.

Chavez finally walked out the door to the barracks in the company of General Pineda, two colonels, and the judge advocate. One of the rear doors of the burgundy-colored Lincoln Continental was opened for the prisoner. Chavez marched stiffly from the door of the old military barracks to the car with a folder in his left hand.

Comments by the relatives of other prisoners who had stayed behind to see Chavez filled the air. No one reproached him. Quite the opposite.

Chavez was thus taken for the second time to the DIM. He had been held there for several hours after his arrest on Tuesday at the Museum of History of the National Armed Forces (FAN) at La Planicie, where he had made his last stand with the 50 men who had obeyed his personal orders in action. On that occasion, as he walked through DIM headquarters in Boleita, the rebel chief shook hands with several lower-ranking officers who have been friends of the paratrooper throughout his professional career.

To be sure, DIM headquarters had been held briefly by the rebels on the morning of the coup, but they soon surrendered.

Among Soldiers

Confinement is unquestionably uncomfortable, but the 100 or so officers who are being held in San Carlos Barracks are being treated as befits their rank. "Moreover, there are no arrest warrants for any of them yet," one source revealed.

During their first day of confinement the officers had lunch right on time. The many cooks served up portions for all, including lots of bread, as several bags full of rolls were brought in. From the door, relatives handed them notes, and the officers wrote back. Those who did not have relatives at the door gave their notes to the relatives of their colleagues to be delivered to their families.

Other officers also came to the barracks, having been sent by the commanders of their units to verify the arrests of company or battalion members who had been involved in the uprising.

The names of the 100 or so officers filled four handwritten legal-size sheets of paper.

A National Guard lieutenant colonel assigned to the DIM worked all of yesterday afternoon with the detainees, filling out cards for them: branch, rank, class year, unit, home address, in short, all of their particulars.

By dinner time they were no doubt in a better mood. Many had been given cookies, juice, and a good supply of cigarettes for the smokers.

It was not learned how many hours Chavez and another airborne officer, who was also taken away yesterday in the DIM minibus, spent answering the investigators' questions. It was learned that several hundred troops from the units that took part in the uprising are in the cadets' gymnasium at Fuerte Tiuna.

* Teachers Oppose Post-Coup DISIP Searches

92P40133A Caracas EL UNIVERSAL in Spanish
First Section 14 Feb 92 p 16

[Text] Teachers Raquel Figueroa and Maria Solorzano, members of the "Simon Rodriguez" Coordinating Committee, denounced the "visit" that DISIP [Directorate of Intelligence and Prevention Services] officials are making to some schools looking for a list of professors and students, as well as the search of some of their residences, because of their alleged participation in the coup attempt.

They specifically cited the cases of the Eduardo Crema Secondary School in El Paraiso, the Fermin Toro School in El Silencio, and the San Jose de Calasanz School in the 23rd-of-January neighborhood, and many others, where these officials are appearing and, after meeting with the directors, are soliciting lists of school attendees.

They explained that besides the searches already conducted, there is also a list of "home visits" and that Raquel Figueroa is on one of them. This situation is creating an atmosphere of uncertainty and distress among members of the education community, who call it abuse.

"In our classrooms we teach how to build democracy. We explain to our students that the basis of this system is freedom of expression, but that this is being abused by those who preach it so much. It seems to us an abuse and an irresponsibility to use the reopening of classes, with [constitutional] guarantees suspended to violate the security of students and professors within the classroom," they said.

The teachers filed a request with the General Office of the Public Prosecutor that it investigate the accusation as soon as possible and prevent continuation of this practice.

"Thus we are demanding the restitution of constitutional guarantees as soon as possible," [they said].

Among the professors whose houses were searched, as cited by the teachers, were Jose Gregorio Matos, director of the College of Professors-Miranda; Rufino Arellano,

of Fetrased Miranda; Arnaldo Guede, national coordinator of the "Simon Rodriguez" movement, plus another group included in a later list.

Figueroa and Solorzano emphasized that "the Simon Rodriguez Coordinating Committee of Educators shows its solidarity with EL UNIVERSAL, a fundamental pillar of the denunciation of labor violations of education workers and of educational communities concerning the deterioration of school facilities."

* January Poll Reveals Support Levels for Coup

92SM0274B Caracas EL DIARIO DE CARACAS
in Spanish 7 Feb 92 p 25

[Report by Orlando Utrera]

[Text] According to a Mercanalis poll conducted in January 1992, most people would oppose a coup. Support was high, however, in big cities (Maracay, Caracas, Maracaibo, and Valencia) and among low-income groups.

Venezuelans have talked readily about a coup d'etat ever since the current democratic system began. The proof is the opinion polls that have been done on the topic. The most recent of them (December 1991 and January 1992), conducted by the polling firm Mercanalis, shows that 59 percent of Venezuelans ruled out the possibility of a military coup d'etat, while a significant 31 percent accepted the possibility.

Mercanalis conducted its poll, which turned out to be very timely, in eight major cities (Caracas, Maracaibo, Barquisimeto, Valencia, Maracay, Puerto La Cruz-Barcelona, Ciudad Guayana, and San Cristobal). All of the cities that were the scene of the fighting this past 4 February were thus included. The universe was 1,000 persons, and the sample was taken among a representative population.

Coup D'etat

The public-opinion poll, which was conducted between 9 December 1991 and 8 January 1992, has a section entitled "The Military, the People, and a Coup," which was based on question 13: Do you think that the Venezuelan military would be prepared to stage a coup d'etat? The responses were as follows: 31 percent said "yes," 59 percent said "no," and 10 percent were "not sure."

They were then asked: In any event, would you support or oppose it? The responses were: 34 percent would support it, 49 percent would oppose it, 10 percent would do "neither," and 7 percent did not reply.

Now then, a breakdown of the poll by cities shows that the ones most receptive to a coup are Maracay (42 percent), Maracaibo (35), Caracas (32), and Valencia (34). Support for a coup was thus stronger in the big cities.

Among the cities opposing a coup are Puerto La Cruz-Barcelona (65 percent), Barquisimeto (63), San Cristobal

(60), and Ciudad Guayana (61). It bears noting that opposition to a coup in Maracay reached just 33 percent, lower than the percentage supporting one.

The above trends hold across sex and age categories. Only in income level "E" (the poor) are support (42 percent) and opposition (45 percent) comparable.

Findings

One of the poll's findings is that back then the public felt that the Venezuelan military was incapable of staging a coup and that in any event a majority would oppose it. Nevertheless, the support that a coup would have, especially in cities like Maracay, is indeed significant.

The survey also shows that our society's lowest-income segment is largely in favor of a coup all across the sample and in the country's main cities.

Finally, it bears noting that Mercanalis conducted its poll in January 1992, before the controversy over the Gulf of Venezuela, whose impact on public opinion may have affected the pattern of replies.

* Editorials, Commentaries React to Coup Attempt

* Usilar Pietri on Causes

92SM02764 Caracas EL NACIONAL in Spanish
7 Feb 92 Section A p 4

[Commentary by Arturo Usilar Pietri]

[Text] The recent coup attempt in Venezuela, which took place on Tuesday of this week, should not be considered in isolation, within the strict limits and perspectives of a failed military insurrection. The attempt did fail, fortunately, and it is frightening to think of the tragic consequences that might have resulted from a temporary and costly victory, but it would be a very serious error to regard this as an isolated case of discontent or ambitions on the part of a group of military officers, because that would prevent us from fully appreciating the circumstances of Venezuela's democracy that allowed this tragic incident to occur.

The causes of discontent in Venezuela are many, and they have been building up with no apparent solution. There is a widespread feeling of frustration.

It is clear that the vast majority of Venezuelans prefer a democratic regime to any other, and they have proven this conclusively over the past third of a century, despite all the political, economic, and social shortcomings the country has had since the democratic system was restored in 1958 after a military uprising supported by the great majority of the country.

There are many failings, and nothing much—certainly nothing effective—has been done to remedy them. The oil wealth, at least since 1974, has made Venezuela a paradoxical country where public spending has skyrocketed, while in an abominable contrast, the marginal population

of the cities and dire poverty have grown apace. During these years, in this small country with a population of scarcely 20 million, the state has received more than \$200 billion in oil revenues. Public spending grew at the same rate, and with it the bureaucracy, political patronage, and all of the perversions inherent in a paternalistic and extravagant approach to spending. After all these years when the country has received a sum of money approximately equivalent to 20 Marshall Plans, public services are extremely deficient, health and education are in a constant state of crisis, and no acceptable economic infrastructure plan has been completed.

This painful paradox stems from two causes: In the first place, there was the decision, made by nearly all the democratic parties of the post-war period in Latin America, to place the state directly in charge of economic development, making it the founder, employer, and manager of many different enterprises, ranging from petroleum, electricity, and iron and steel, to livestock, agriculture, and hotels. The role of the vast majority of these poorly-conceived, poorly-managed, and even more poorly-controlled enterprises has been to consume a huge amount of government resources in a sterile manner, in the form of administrative losses and the replacement of capital and financial funds. A natural consequence of that is that other government priorities in the areas of health, education, and services have been neglected. And secondly, but no less importantly, there is the continuing, uncontrollable tendency toward paternalism, subsidies, give-aways, and excessive protection of national production and labor. To this we must add the unjustified accumulation of an external public debt of more than \$30 billion, caused to a great extent by the rampant indebtedness incurred by the state-run companies with hundreds of foreign banks.

Along with this problem, which is the fundamental cause of our social and economic ills, there are no less important shortcomings in the political sphere. The electoral system that was hastily adopted to deal with the emergency of the 1959 elections, after the fall of the last dictatorship, is based on election by party colors and closed lists. Under this system, there is almost no connection between the elected and the electors, and the election becomes a kind of plebiscite to choose the party that will govern. This has a very serious and deleterious effect on the functioning of representative bodies. And then there is the situation of the judicial branch. Its entire structure, from the Supreme Court down to the lowest court, has been invaded and colonized by political interests and, along with them, economic interests. This has distorted the function of the courts and created the widespread impression that there is no real justice or effective rule of law.

On top of all that, as both cause and effect of all these negative aspects, we must point to the growing phenomenon of administrative corruption and graft. In the shadow of the government and the parties, vast fortunes have been accumulated in Venezuela in the last few years, fortunes which tend to monopolize and control

major segments of national life. Not only has nothing effective been done to limit and regulate this tremendous and growing plutocratic power, but one has the impression that the government is not just tolerating it, but to a certain extent stimulating it.

In the last 10 or 15 years, there have been major financial scandals and exposes of illicit gain involving high-ranking government officials, and so far it has not been possible to bring to a legal conclusion any prosecution for administrative or criminal liability, and none of the alleged perpetrators has been sentenced to prison under current law.

This, in a nutshell, is the economic, political, and social situation of Venezuela's democracy. The recent uprising, fortunately thwarted, must be considered within this context. It would be very dangerous to regard it as an isolated, crazy military adventure. The truth is that it is a dramatic signal of the profound crisis in the way democracy works in this country today. It is therefore imperative that the government and the political parties thoroughly rethink and revise the way the democratic system has been operating in the last few years.

* Crisis 'Not Over'

92SM0276B Caracas EL DIARIO DE CARACAS
in Spanish 15 Feb 92 p 8

[Commentary by Fernando Luis Egana]

[Text] "At this point, the objectives we set for ourselves at the national level are no longer possible," declared Lieutenant Colonel Chavez Frias upon surrendering at the conclusion of the abortive military uprising of 4 February. This statement should serve as a warning to the elite group that is in charge of the country, because this coup attempt did not arise spontaneously from the barracks; it was an uprising of considerable magnitude that resulted in the taking of vital objectives in the plazas of Maracaibo, Valencia, and Maracay. It came close to capturing the president of the Republic and several of his principal civilian and military advisers.

"This was not just any attempt," was the dramatic assessment of an editorial in this newspaper. In the 34-year history of the democratic regime, the constitutional thread has never come so close to being broken by an act of force arising out of the armed institution. Thus, the public and private leadership should reflect on the context of the military uprising, and should not confine themselves to spouting virtuous and unanimous condemnations. It is a serious mistake to believe that an objective analysis of the situation amounts to reducing the condemnation of the use of force as a political tool. The truth must be discovered and proclaimed.

Rafael Caldera did so in his speech to the joint session of Congress. There, in the presence of the *creme de la creme* of Venezuelan partisan politics, he stated in a very responsible manner: "The coup is reprehensible and deplorable in every way, but it would be naive to think that this is just

a matter of the adventures of a few ambitious individuals who acted precipitously on their own, without realizing what they were getting into. There is an ambience, a groundswell, a perilous situation in the country, and if that situation is not confronted, many very serious problems lie ahead for us."

His speech was received with displeasure by most of the politicians gathered there. In fact, his call for a course correction was not just an alarm bell, it was the expression of a popular feeling of repudiation for the current orientation of public life and for those who are doing the orienting. Caldera spoke for the entire nation, which, though it continues to uphold democratic values, can no longer hide its repugnance for the vices and deformities of the system.

Similarly, another Venezuelan icon, Arturo Usler Pietri, told the press that "this action was not an isolated episode. It would be stupid to think that it was an ambitious and crazy adventure by a group wanting to seize power. They committed a deplorable act, and they violated their oaths. Those in the military feel the same distress that many other Venezuelans are experiencing. The current democracy is not commensurate with the country's maturity." Among party leaders, the opinion of Paciano Padron, soon to be president of the Chamber of Deputies, was particularly admirable. He advocated "going out to look for the underlying causes of the various manifestations of violence that the country has had to endure for the past few days."

Moreover, Defense Minister Fernando Ochoa Antich himself pointed out calmly and firmly, the very day of the incident, that the Venezuelan people and their leaders, as well as the leaders of the Armed Forces, should take a good hard look at the underlying causes of these developments. He added that they are difficult to analyze, but "there is no doubt that the country has been undergoing a severe crisis over time, and this is one of the indications of just how severe it is."

As long as the majority of those responsible for public affairs, beginning with the leaders of the party cliques, are more concerned about grooming Venezuela's image in Washington, Paris, or Davos, than about getting to the heart of the serious and worsening social, economic, and institutional problems, the integrity of our democracy will not be entirely safe.

Reform is an urgent necessity. It is not enough to beat our breasts in favor of the constitutional regime, much less to give speeches full of bombast and devoid of content. Violence is incompatible with democracy, and it should be rejected out of hand. But if the decisive reforms demanded by the people are not carried out, there is a risk that others will come along and try to prove that the coup is not over.

*** Caldera Praised**

92SM0276C Caracas EL DIARIO DE CARACAS
in Spanish 15 Feb 92 p 8

[Commentary by Tulio Alberto Alvarez]

[Text] When Senator Rafael Caldera exercised his right to participate in the discussion on the decree suspending guarantees, there were basically two reactions among those listening to his words. There were those who understood that his words reflected the national view of the crisis of values affecting our institutions, and who identified with that. And then there were those, the majority of the potential relatives occupying the legislative seats, who thought that the speech violated "the consensus" and undermined the unanimous support that the government should receive in time of danger.

Aside from the human aspect of the speech, which reflects a lifetime of social struggles, there were fundamental contributions at that critical moment. Most salient, to be sure, was the fact that he pointed out the flaws in the decree, primarily the erroneous motivation and the uncertainty about what impact the suspension of guarantees would have. In this regard, there is a repetition of the error of 27 February, when the government merely declared that certain constitutional rights were "suspended," leaving to the discretion of "competent authorities" the perilous enforcement of that measure. It is not surprising to see abuses of power, specifically, police raids and unjustified limitations on the freedoms of expression and thought.

The other contribution was that he emphasized what everyone knew but tried to hide: There is widespread discontent because of the crisis in values and the lack of authority in this established disorder.

The scheme they were trying to work in Congress did not allow for the presence of a Rafael Caldera; its sole purpose was to hide the truth by closing ranks, doing away with the only control mechanism contained in the most important act of government. In this way, the legislature sacrificed the possibility of revoking the decree, in accordance with Article 243 of the National Constitution.

Painfully, some of the frustrated actors in the satire that the ex-president thwarted are part of their own parliamentary faction. They have forgotten, or most likely never read, the judgment of Emmanuel Mounier: "To try to act without abandoning principles or without dirtying one's hands reveals a contradiction in terms: It is a manifestation of an *egotistical hypocrisy* that is placed at the service of one's self-image rather than the common destiny of mankind." In this manner, they proved to be poor students of the man who is today the indisputable leader of a leaderless society, for whom the revolution will be a moral one, or no revolution at all.

Central Bank Reports Rise in Inflation

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5 Mar 92

[Text] Caracas, 5 Mar (DPA)—Inflation in Venezuela rose by 2.7 percent in February and reached an accumulated 4 percent in the first two months of the year. In addition, the stock value of the bolivar experienced a sudden drop and reached 67.70 per dollar on 4 March. The Central Bank reported on 5 March that inflation doubled the January figure and rose 2 percent above the rate for the same period in 1991. Inflation reached 30.4 percent in 1991.

According to the bank, the political crisis that erupted after the 4 February foiled military coup caused inflation to rise and the stock value of the bolivar to drop.

The item that experienced the greatest increase was sundry expenses, which reached an accumulated 6.9 percent. Housing costs followed, reaching 4.2 percent.

Finance Minister Pedro Rosas described as "unusual" the bolivar's behavior on 4 March. He said it does not correspond to the reserves or balance of payment situation.

After nervous purchases of U.S. dollars, the exchange rate rose by 2.55 bolivars, closing at 67.70 bolivars per dollar in less than 24 hours.

Rosas reported that measures will be taken to restore balance in the stock market.

The Caracas stock market index dropped by nearly 10 percent and reached 30.653 percent.

Belize's Price Pays State Visit to Country

FL0603022792 Bridgetown CANA in English
2025 GMT 5 Mar 92

[Text] Belize City, March 5, CANA—Belize's Prime Minister George Price is in Venezuela on a two-day state visit. He is the first head of government to travel to meet President Carlos Andres Peres since the attempted coup a month ago. Price heads a three-man delegation including Foreign Affairs Minister Said Musa, and Minister of State for Finance Ralph Fonseca.

The visit is in return for a visit by Peres to Belize in January last year.

A press release from Prime Minister Price's office says he will meet with the president and vice-president of the Venezuelan National Congress, and the president of the Venezuelan Investment Fund.

The Belize delegation is expected to return home at the weekend. During last year's visit, Peres promised funding for houses and a new national stadium in Belize City.